



Daily Report

China

FBIS-CHI-88-118

Monday

20 June 1988

Daily Report

China

FBIS-CHI-88-118

CONTENTS

20 June 1988

INTERNATIONAL AFFAIRS

General

Official Reports on Foreign Investments	1
British Oil Firm Reviews World Reserves	1
XINHUA 'Analysis' Previews Toronto Summit	2
U.S.-Soviet Arms Control Talks Viewed	2
GUOJI WENTI YANJIU View [13 Apr]	2
JIEFANGJUN BAO 'Commentary' [4 Jun]	10
LIAOWANG Comments on U.S.-USSR Summit [Hong Kong OVERSEAS EDITION 13 Jun]	11

United States & Canada

XINHUA on Prospects for Sino-U.S. Trade	13
Joint Council Chairman Comments	14
U.S. Insurance Company To Help Develop Shanghai	14
Medicines Approved for Export to Canada	15

Soviet Union

USSR Said Ahead in 'Liberalizing' Freedoms [KYODO]	15
Gromyko Receives Chinese Youth Delegation	16
Wang Meng Interviewed by Soviet Journalists [WENYI BAO 4 Jun]	16

Northeast Asia

Li Ruihuan, Tianjin Group End DPRK Visit	17
NODONG SINMUN Condemns Pacific War Games	17
DPRK Condemns U.S. for Military Activities	17
Denounces Reinforcement	18
Japan Urged To Lift COCOM Export Curbs	18
NPC's Yan Jici Meets Japanese Physicist's Widow	18

Southeast Asia & Pacific

Sihanouk Returns to Beijing 20 Jun [AFP]	18
Philippine Congressional Group Begins Visit	19
Arrives in Beijing	19
Meets Wan Li	19
Wan Li Hosts Banquet	19
Indonesian Trade Delegation To Visit 23 Jun	20
Acrobats To Perform in Indonesia for 1 Month	20
Air Service Accord Signed With Malaysia	20

Sub-Saharan Africa

Reportage on Visit of Ethiopian President	20
XINHUA Profiles Mengistu	20
Leaves Addis Ababa	21
Arrives in Beijing	21
Zimbabwean Official Visits NPC's Chen Muhua	21
NPC Vice Chairman Meets Congolese Official	21
Botswana Minister 'Satisfied' With Visit	21

Reportage on RSA 'Sharpeville 6' Decision	22
ACFTU Demands Group's Release	22
Association Protests RSA Action	22
Liberia To Receive Chinese Medical Aid	22

West Europe

Envoy to France Refutes Dalai Lama's Claims [REMNIN RIABO 18 Jun]	22
Swedish Trade Minister Visits Beijing	23
CPC Official Hosts Italian Communist Cadres	23

East Europe

Supervision Minister Visits Czechoslovakia	23
Sino-Czechoslovak Academies Sign Agreement [Prague CTK]	23
Peace Delegation Departs for GDR	23
Romanian Premier, Officials 'Reprimanded'	23
Yugoslav Workers Protest Pay Cuts	24
Poland Adopts New Military Oath	24

NATIONAL AFFAIRS

WEN WEI PO on Ninth Political Bureau Meeting	25
Part 1 [Hong Kong 17 Jun]	25
Part 2 [18 Jun]	26
Part 3 [19 Jun]	28
Part 4 [20 Jun]	29
Trial Begins in Murder of Beijing Student [Hong Kong ZHONGGUO TONGXUN SHE]	30
Further Report on Court Hearing	31
Central Party School To Launch Another Journal [Hong Kong WEN WEI PO 19 Jun]	31
Li Peng Inspects Reforms in Hebei	31
Stresses Law of Value	33
RENMIN RIBAO Cited on Party Corruption	33
Corrupt Officials Face Government Crackdown [CHINA DAILY 20 Jun]	34
Commentator Calls For Supporting Reform [GUANGMING RIBAO 7 Jun]	35
Institute Director Interviewed on Reform Problems [RENMIN RIBAO 15 Jun]	36
Traditional Culture Needs Change To Meet World [CHINA DAILY 20 Jun]	38
National Forum Held on Counselor, Research Work	39
Yan Mingfu Discusses Group	39
Counsellors Urged To Play Larger Role	41
New Ministries Adjust Functions, Personnel	41
Energy Ministry To Begin Functioning	42
Zhao Adviser Calls For Press Freedom [Hong Kong SOUTH CHINA MORNING POST 20 Jun]	42
State Council Circular on Project Construction	42
Political Cadres Move to New Jobs, Retire	43
Immediate Medical Service Reform Urged	43
Exchange Programs To Feature Professionals	43
Yao Yilin, Yan Mingfu at Association Meeting	44
Launching of Satellite for Asiasat Consortium	45
Further on Launch Plans [CHINA DAILY 18 Jun]	45
PLA Official Praises Civilian-Post System	46
Hong Kong Paper Profiles PRC Naval Leaders [KUANG CHIAO CHING 16 Jun]	46
Chen Muhua on Bank of China's Capital Expansion	48
New Plan for Price, Wage Reforms Studied [Hong Kong MING PAO 20 Jun]	49
Commentator Says Let Masses Resolve Price Reform [GONGREN RIBAO 5 Jun]	49
Economic Reform Entering 'Crucial Period' [JINGJI RIBAO 1 Jun]	50
LIAOWANG Views Price Reform Predicament [Hong Kong OVERSEAS EDITION 6 Jun]	51
Rules on Quality Licences for Imports Issued	54
Article Views Orienting Economy to World Market [Hong Kong LIAOWANG 30 May]	55
Provincial Private Enterprises Achieve Success	59
Enterprises Key to Economic Reform [CHINA DAILY 17 Jun]	59

Specialized Companies To Reform Investment	60
Central China International Company Set Up	60
Economist Explains Industrial Growth	60
College Students Face Financial Problems	61
Production of Consumer Durables Restricted	61
Largest Thermal Generator Built for Anhui [CHINA DAILY 20 Jun]	62
Ministry Prohibits Selling Houses at Low Prices	62
Government To Build Two Hydroelectric Stations	63
Caution Urged on Large-Scale Land Management [RENMIN RIBAO 7 Jun]	63
Culture Minister Wang Meng on Literature, Art [LIAOWANG 30 May]	64
Construction Begins on Long March Tablets Garden	67

REGIONAL AFFAIRS

East Region

Anhui Offers Investors Preferential Treatment	69
New Shanghai Mayor Zhu Rongji Profiled [LIAOWANG OVERSEAS EDITION 30 May]	69
'Roundup' Profiles Shanghai Zone Economy	71

Central-South Region

Guangdong Leader Calls Price Reform 'Imperative'	72
Guangdong To Expand Industrial Exports	72
Guangzhou Bank Issues 'Great Wall Master Card'	73
Guangxi, Guangdong Sign Cooperation Agreement	73
Hainan Sets Up Overseas Debt Collection Company	74
Henan Urges Strengthening Price, Market Controls	74
State Experts Sent to Hubei To Help Peasants	74

Southwest Region

Guizhou Meeting Stresses Ideological Work	75
Sichuan's Yang on Building Commodity Economy	75
Media Officials Address Tibet Conference	75
Experts in Tibet To Survey Place-names	76
Yunnan Secretary Reviews Reform Situation	77

North Region

Beijing Industrial Output Sets New Record	77
Hebei's Xing Speaks at Armed Forces Conference [HEBEI RIBAO 4 Jun]	78
Governor on Opening Hebei to Outside Investment	78
Inner Mongolia Further Rectifies Party's Style [RENMIN RIBAO 6 Jun]	79
Tianjin's Li Ruihuan Feted at DPRK Banquet	79
New Geothermal Field Found in Tianjin	80

Northeast Region

Heilongjiang Governor on Development of Plain	80
Heilongjiang's Sun Attends S & T Conference	81
Heilongjiang KMT Committee Holds Congress	81
Heilongjiang Officials Sentenced in Fire Case	81

Northwest Region

Qinghai's Yin Kesheng Stresses Party Leadership	82
Qinghai's Tu Ethnic Group Profiled	83
Shaanxi To Improve Government Style	83
Xinjiang Researchers Study Opening Up to World	84
Family Planning Urged for Xinjiang Ethnic Groups	85

TAIWAN

Mainland's Refusal To Disavow Force Called 'Dumb'	86
Mainland Boats Conduct 'Exercise' Off Fujian	86
Executive Yuan Rejects Trade With USSR	86
Vice Minister Optimistic About U.S. Relations	87
Editorial Welcomes U.S. Arms Sales [CHINA POST 15 Jun]	87
Prime Minister Meets Overseas Chinese Scholars	87
Economic Talks With ROK Begin in Seoul	88
Interior Ministry Revises Farmers' Insurance Fee	88
KMT National Congress Platform Drafted	88

General

Official Reports on Foreign Investments

OW1906045188 Beijing XINHUA in English
0130 GMT 19 Jun 88

[Text] Beijing, June 19 (XINHUA)—China contracted 1,541 projects, which will bring in about 3.84 billion U.S. dollars of foreign capital during the first five months of this year, today's "CHINA DAILY" reports.

Quoting Chu Baotai, deputy head of MOFERT's [Ministry of Foreign Economic Relations and Trade] foreign investment administration, the paper said foreign investors committed 1.62 billion U.S. dollars set up manufacturing firms or for contractual joint ventures in offshore oil drilling. [sentence as received]

Another 1.99 billion U.S. dollars were raised through floating Chinese bonds on the international capital market, borrowing from foreign governments and commercial banks and other credit. And some 225 million U.S. dollars in foreign investment were for compensation trade and processing projects, he said.

By the end of May, China's total unpaid foreign loans, bonds and shares amounted to about 18.85 billion U.S. dollars.

Chu said the number of newly-approved manufacturing firms with foreign investment in the first five months of this year was three times more than in the same period last year, while the total investment doubled.

The number of businesses with foreign investment reached 11,000 by the end of May, with a total commitment of 24.4 billion U.S. dollars. Dispersed foreign investment totalled 9.4 billion U.S. dollars.

According to Chu, Libyan and Federal German investment in China during the first three months of this year saw the biggest increases compared with other foreign countries and regions.

Libya became the fourth- and Federal Germany the fifth-biggest investors in China. Their direct investment between January and March were 14.30 million and 11.01 million U.S. dollars respectively.

At the same time, Hong Kong went on to become the biggest investor in the mainland, sending in 599.26 million U.S. dollars, followed by the United States (41.93 million U.S. dollars) and Japan (41.66 million U.S. dollars).

British Oil Firm Reviews World Reserves

OW1806224688 Beijing XINHUA in English
1504 GMT 18 Jun 88

[Text] London, June 18 (XINHUA)—The world has proven oil reserves of 896.5 billion barrels which is sufficient for about 40 years, the British Petroleum Company (BP) says.

According to a BP's statistical review of world energy published recently, primarily as a result of the major revisions announced by Venezuela, Abu Dhabi, Iraq and Iran, proven oil reserves increased by 27 percent, adding nearly 10 years to the life of the world's oil reserves at current rates of production.

The review says world oil consumption in 1987 rose by 1.4 percent to more than 61 million barrels a day, well below a 3 percent increase in 1986.

World oil production was virtually flat in 1987 at just over 60 million barrels a day, as compared with an increase of 4.8 percent in the previous year.

Production of oil and liquified natural gas in 1987 in the Organisation of Petroleum-Exporting Countries declined by 2.7 percent to 19 million barrels a day, while in the United States by 3.6 percent.

The Soviet Union led the world as the top oil producer for 1987 at 12.7 million barrels a day, followed in order by the United States, Saudi Arabia, Mexico and China.

The United States led the world as the top oil-consuming country in 1987, averaging nearly 16 million barrels a day, followed by the Soviet Union, Japan, Federal Germany and China.

The review says natural gas production in the world grew by 5.3 percent in 1987 to more than 1.6 billion tonnes oil equivalent. The Soviet Union, the world's largest gas producer, set a new record of 653 million tonnes oil equivalent in 1987, showing an increase of 5.8 percent.

Coal consumption worldwide in 1987 increased by 2.9 percent, while production by 3.4 percent. China led the world in coal consumption at more than 553 million tonnes oil equivalent.

The world demand for nuclear energy in 1987 rose by 7.3 percent to 404 million tonnes oil equivalent.

The review says, on the whole, world energy demand in 1987 rose by 2.8 percent to 7.8 billion tonnes oil equivalent, recording a higher growth rate than in either of the 2 preceding years.

XINHUA 'Analysis' Previews Toronto Summit
OW1706120688 Beijing XINHUA in English
0656 GMT 17 Jun 88

["News Analysis: Toronto Summit, a Love Fest (by Xiong Changyi)"]—XINHUA headline]

[Text] Beijing, June 17 (XINHUA)—Believe or not, the Toronto economic summit probably will be a love fest.

As leaders of the group of seven industrialized nations meet in Toronto Sunday for the annual economic summit, their gathering will be notably more for showmanship than for substance.

The group of seven consists of the United States, Japan, Federal Germany, France, Britain, Italy and Canada.

The summit takes place amid better global economic performance. The world economy has weathered last October's stock crash surprisingly well and aggregate economic output among the members of the Organization for Economic Cooperation and Development (OECD) is expected to expand by 2.5 to 3.0 percent, according to the latest forecast by the industrial country group.

However, many of the problems which helped set off the October crash are still unsolved. The biggest problem is still the continuing large imbalance in the U.S., Japanese and West German balance of payments.

According to OECD experts, the burning issues facing the world are current account deficits and the U.S. federal deficit. These experts say that another fall in the dollar could push up U.S. interest rates which would lead to a recession and a contraction of European exports.

It is expected that two important issues, debt relief for Third World countries and controls on national farm subsidies, will be a summit topic.

However, an answer to the 1.2 trillion dollar Third World debt crisis still seems to be a long way off.

France has said that major creditor countries should adopt one of three approaches to the debt problem of the poorest countries: consolidating and stretching out loan maturities, shortening the maturities but cutting the interest rate by as much as 50 percent, or canceling outright one-third of government loans and government-backed commercial loans.

Other European countries agreed in principle to the French proposal.

The United States, however, has said it would be likely to accept one and would not be in a position to accept another but declined to elaborate.

On agriculture policies, the United States favors total elimination of the subsidies by the year 2000 but the European Economic Community countries, led by France and West Germany, have only agreed to short-term reductions and oppose the principle of total elimination. That position is largely reflected by Japan.

Tensions over agricultural trade came out into open in Brussels recently when the European Economic Community called for a re-examination of longstanding U.S. import restrictions on sugar, dairy and other farm products.

Nevertheless, the leaders are expected to do their best at the Toronto summit to keep out of conflicts that might endanger the surprisingly strong world economy and prospects for reasonable growth and additional cuts in unemployment.

They will probably avoid traditional differences over trade, agriculture, U.S. budget deficits, and Latin American debts for fear of upsetting financial markets or muddying the waters during the U.S. presidential election campaign. West Germany does not expect to come in for criticism for its lack of economic dynamism.

However, the leaders will concentrate on several major issues, including a renewed commitment to current stability, ways of helping highly-indebted countries, especially in Africa, and structural adjustments in tax, regulatory and industrial policies in the interests of economic growth.

"I don't think anyone wants to breathe," Myer Rashishi, a consultant in Washington said, "they want as much amity, tranquility and equilibrium as possible."

Analysts here say no major breakthrough is expected at the Toronto summit that may be nothing more than a love fest.

U.S.-Soviet Arms Control Talks Viewed

GUOJI WENTI YANJIU View
HK1606102088 Beijing GUOJI WENTI YANJIU
in Chinese No 2, 13 Apr 88 pp 1-7

[Article by Zhuang Qubing (8369 0637 4016): "The U.S.-Soviet Arms Control Talks and Their Impact on Detente"—the first two paragraphs are GUOJI WENTI YANJIU introduction]

[Text] Arms control talks are a supplementary means to realize a given military strategy. Both sides want to strengthen their own position and weaken the other side through negotiation. With a change in nuclear strategy the policies of the United States and the Soviet Union on nuclear talks are different from what they were before. Both the United States and the Soviet Union have problems, and want to come to terms. The Soviet Union has bigger problems and is making more concessions to the United States. Meanwhile, the Soviet Union is

mindful of using strategy. It shows relative flexibility and tries to gain a breakthrough in one item after another. On the other hand, the United States shows a relatively rigid attitude.

If after the INF treaty both sides again reach agreement on strategic nuclear weapons, there will be greater detente between the United States and the Soviet Union. This new period of detente is likely to be longer than that in the 1970's. Despite this, the arms control talks play only a limited role. They will help in improving the relations between the two countries, but cannot prevent a new development of the arms race between both sides—a change from quantity to quality and their contending for power in various areas. Confrontation is still the essence of the relations between the two countries. The United States and the Soviet Union will in future live with each other in the midst of fierce competition.

Last December, Reagan and Gorbachev signed a treaty in Washington to eliminate intermediate guided missiles. Like a small, smooth ball hitting in succession other small balls on a billiard table, it touched off a chain reaction. As the guided missiles to be eliminated account for only 3 percent to 4 percent of the nuclear arsenals of the United States and the Soviet Union, it is really like "throwing away a little knife." But this marks an unprecedented first move, or real desire by the two superpowers in 40-plus years after the war to reduce nuclear weapons. This allows a breakthrough in arms control talks, with momentum created for the development in depth and breadth of the whole talks. The result is a switchover from strained confrontation to detente in the relations between the United States and the Soviet Union.

A Change in U.S. Nuclear Strategy, and Its Policies on Nuclear Talks [subhead]

Arms control talks are basically a supplementary means to realize a given military strategy, and a need dictated by the strategy of the security of the whole nation. Judging by history, military strategy changes constantly with the development of military tactics. After the birth of nuclear weapons in the 1940's, both the United States and the Soviet Union formulated nuclear strategies. With the continuous upgrading of nuclear techniques and a large accumulation of nuclear weapons, both countries have in the 1980's witnessed a quantitative surplus of nuclear weapons and a continuous qualitative improvement, with the start of what the West calls a "post-nuclear" period. Meanwhile, conventional weapons have also been improved continuously, with space weapons in their initial stage of development. Space weapons carry great significance in future wars. The Pentagon holds the view that U.S. military strength and military strategy will, to a very large degree, be determined by the ability to enter space, and the space defense system. Soviet leader Sergey Sokolov has also preached the theme that "the control of space is still a prerequisite for winning victory."

U.S. nuclear strategy in the 1950's was "large-scale retaliation." It was replaced in the 1960's by "mutual assured destruction," that is, an emphasis on relying upon the deterrent role of a nuclear counterattack. This was followed for many years. In the latter period of the 1970's, Soviet strategic nuclear forces showed increasing strength, leaving the United States behind in some respects. To change the status quo fundamentally, the Reagan Administration in 1983 announced the introduction of the "Star Wars" program (that is, the Strategic Defense Initiative) in an attempt to gradually replace the counterattack strategy of "mutual assured destruction" with a new strategy that combines what is both offensive and defensive. Washington considered that only in this way could it have a strategically offensive and defensive "dual deterrent" force and a capacity for fighting various kinds of wars, and recapture the edge over the Soviet Union in the military field. Moreover, such an edge could be relied upon to increase political power. In line with the new strategy, the U.S. Administration has adopted the following policies in nuclear talks.

1. There must be agreement on a "wide-ranging, in-depth and balanced" reduction in offensive nuclear weapons. There is especially a need to strive for a cutback in the Soviet Union's heavy multihead guided missiles. A large reduction in the level of strategic nuclear weapons can weaken the other side's offensive and is also needed to safeguard a capacity for strategic defense. According to authoritative reports from the U.S. (Fletcher) Commission, the Congressional Technology Appraisal Bureau, and so forth, unless there are restraints on Soviet offensive nuclear forces, the future U.S. strategic defense system cannot be very effective.
2. There must be a guarantee for the continuous progress of plans for the study of antimissile strategic defense systems. Once it is proved that a strategic defense system allowing "high efficiency, a capacity for survival, and a good cost-effect ratio" (Footnote 1) (Meaning that the costs of building the U.S. strategic defense system are lower than the costs to the Soviet Union in upgrading the strategic offense system) can be established, proper arrangements should begin.
3. The upgrading of nuclear weapons on the list of those to be reduced must be maintained, including long-range missiles, short-range missiles, cruise missiles, and so forth. Certain compromises may be made concerning the problem of nuclear tests. But a complete halt to tests is not planned. This is because nuclear tests are necessary for the development of nuclear weapons or space weapons.
4. Attention must be paid to guaranteeing the observation of verification measures in the treaty to prevent cheating.

The above policies were first reflected in the program of "transition to defense" formulated by Nitze, special adviser to Reagan on arms control, in January 1985.

Concerning disarmament talks with the Soviet Union, what kind of policy should eventually be adopted? The U.S. Administration once had some minor differences within its ranks. Secretary of Defense Weinberger, Assistant Secretary of Defense Perle, and others, who advocated a tough policy toward the Soviet Union, considered that the United States should take advantage of the multiple difficulties facing the Soviet Union to establish a stronger military force and thus force concessions from the Soviet Union. It would be inappropriate to rely on the means of negotiation. No breathing space should be given Gorbachev. Therefore, Weinberger not only urged the interpretation of the antimissile treaty in "a broad sense" but also was the first to advocate starting the deployment of the strategic defense system ahead of time around 1994. Secretary of State Shultz, and others opposed running the risk of worsening U.S.-Soviet relations. He advocated taking advantage of a change in the Soviet policy to strive for compromises under favorable conditions and for steady progress in strengthening the U.S. position to hold off the other side. Many Congressmen, such as Senator Nunn, and others, were inclined toward opinions of this kind, advocating a relatively realistic attitude in negotiating with the Soviet Union. Apart from the heavy burden of military spending and huge budget and foreign trade deficits, there came in succession the Irangate incident, the Persian Gulf crisis, and the stock market crash. All these, combined with Gorbachev's strong diplomatic offensive, made the U.S. administration and people advocate actively participating in negotiations. Forces favoring detente in U.S.-Soviet relations became increasingly strong. Therefore, during Reagan's second term of office, more of the ideas of Shultz and others were adopted. Negotiations were finally enabled to continue without interruption. The INF treaty was concluded. Weinberger, Perle, Adelman (director of the U.S. Arms Control and Disarmament Agency), and so forth resigned successively. Despite this, on the whole, Washington's attitude in its negotiations was still stronger than Moscow's. Reagan himself was especially firm in his original stand on the "Star Wars."

Changes in Soviet Nuclear Strategy, and Its Policies on Nuclear Talks [subhead]

Gorbachev put forward in 1987 the idea of "having reasonable and adequate strength." This marked major changes in Soviet military strategic thinking, including nuclear strategy. The beginnings of a change in nuclear strategic thinking may be traced to the end of the 1970's. But Brezhnev's Tula speech in 1977 had already said that the idea of winning victory in a nuclear war was a "dangerous fantasy." The Soviet Union only needed "adequate" nuclear forces to make the United States afraid of using nuclear weapons. In his report at the 27th National Party Congress, Gorbachev clearly advocated putting Soviet military strength "within the limits of rational adequacy." Soviet Minister of Defense Yazov's explanation was that "reasonable and adequate strength means military strength enough to guarantee defense needs but not the strength or the means to provoke an

attack." In his newly written article this year "On Military Strength Balance and Missile Nuclear Equilibrium," he also stressed: The degree of adequacy of strategic nuclear forces means "being able, under any circumstances and even under the most unfavorable circumstances, to disallow any nuclear attack on our country that carries no penalty." (Footnote 2) (PRAVDA, 8 February 1988) Judging from this, the Soviet Union should, where nuclear forces are concerned, demand only the preservation of a nuclear retaliation capacity and not the level of "a first strike." This was a far cry from Soviet military thinking of the past that a nuclear war could be fought and won. It was close to the strategy of "mutual assured destruction" that Reagan had wanted to replace. Actually, the Soviet Union has not relaxed preparations for a nuclear war. It is still striving to improve various kinds of nuclear weapons, exploring various techniques for a strategic defense system, and even making preparations for a long period of nuclear war. But it considers that a nuclear war is unlikely, while the outbreak of a conventional war is more likely. This train of thought naturally affects its policy on nuclear talks.

Like that of the United States, the Soviet nuclear arsenal has reached a saturation point, even a surplus. Moreover, nuclear warheads are becoming obsolete and need to be taken care of. Assistant Secretary Robert Baker of the Department of Defense revealed that nuclear weapons mostly have a life of only 20 years. The average age of 27 kinds of U.S. nuclear warheads in operation has reached 12.79 years. Only one-third of them are less than 5 years old. Conditions in the Soviet Union are generally the same.

What is more important is that the Soviet Union badly feels the need to concentrate forces on accelerating the development of the national economy. Otherwise, its comprehensive natural resources will not match those of the United States, and a gap will develop. Its position as a superpower will also be threatened. The Soviet GNP is about half that of the United States, while military spending accounts for more than 15 percent. Its burden is heavier than that of the United States (with military spending representing about 7 percent). This explains why Gorbachev said that the arms race is "one of the greatest problems" facing the Soviet Union in economic development. In an internal report last year, (Ma-si-lu-fu) [7456 2448 3157 1133], member of the CPSU Central Committee, admitted that the Soviet Union was going through a crisis. He said that in the West, an economic reform on an extensive scale takes place every 4 or 5 years. In the Soviet Union, it only takes place once every 20 years. Eighty-two percent of U.S. capital investment goes to technical transformation, compared with only 33 percent in the Soviet Union. This proportion will be raised to 66 percent, as planned. But if the Soviet Union hopes to catch up with the United States or Japan in 15 years, it is still wishful thinking. Unless the modernization of science and technology is fundamentally realized quickly, the Soviet Union in 5 or 7 years

will slip behind in its military balance with the United States. Therefore, Soviet Foreign Minister Shevardnadze openly pointed out that the Soviet foreign policy should "create conditions" for taking care of "the tasks inside the state." One main point was not to "spend too much" on maintaining a given military capacity and on upholding the "interests of foreign countries." This was to say that "we should find a way to restrict and slow down the armaments race and eliminate any factor of confrontation in our relations with other countries."

Since the start of the Geneva talks in three fields in 1985, the Soviet policy on nuclear talks has chiefly found expression in the following:

1. A desire to upset and thwart the realization of the U.S. "Star Wars" program; otherwise, the Soviet Union will soon lose its military superiority to the United States. In addition, the space weapons race is highly unfavorable to the Soviet Union. The deployment of a multilayered defense system could cost as much as \$1,000 billion. Moreover, space weapons technology lags behind that of the United States. What is more worrying is that once advanced antimissile defense technology extends to conventional weapons, the Soviet Union may lose its superiority in conventional forces. Even if the Soviet Union does not deploy reciprocal defenses and instead takes various cheaper countermeasures, there will also be a great increase in military spending. This is because the U.S. means of defense will be continuously upgraded, with the strengthening of measures.

2. A striving for a big reduction in strategic nuclear weapons, to bring them to a relatively low level. A 50-percent or more cut in strategic nuclear weapons still may not affect Soviet strategic balance with the United States. A semiofficial Soviet research report even said that given no deployment of a strategic defense system by both sides, with just 600 intercontinental missiles each side can maintain the stability of the strategic situation. (Footnote 3) (See the report entitled "Strategic Stability, Given a Large Reduction in Nuclear Arms," circulated by the Soviet Union in Moscow in 1987.) The U.S. Under Secretary of Defense Ikle said to reporters in January 1988: Actually, the reduction in the number of nuclear weapons of the United States and the Soviet Union since the peak of nuclear weapons in the 1960's had exceeded the 50 percent now being negotiated. (Also, according to an estimate by Heisbourg, director of the London International Institute for Strategic Studies, an 80-percent reduction in the existing strategic nuclear weapons of the United States and the Soviet Union, which means a retention of 1,200 to 1,500 nuclear warheads by each side, would not affect the balance of mutual deterrence.) The Soviet Union must not only allay United States' worries about its long-range nuclear weapons but also reduce and limit U.S. cruise missiles, and other weapons that the Soviet Union considers as the biggest threat.

3. Doing everything possible to squeeze U.S. nuclear weapons out of Europe to make Europe gradually "nuclear-free." Thus not only can there be increased security for the Soviet Union but also the whole strategic situation involving the United States and the Soviet Union can be improved, given a weakening in U.S. military strength in Europe and deepening contradictions between the United States and Western Europe. With intermediate-range missiles eliminated, the elimination of short-range missiles will be strived for.

4. Attention to the use of strategy. The Soviet Union is to get around obstacles and seek a breakthrough, from item to item. Given no damage to its important interests, a flexible attitude can be quickly adopted. Various concessions are made to avoid a deadlock on the problem of strategic defense. With a breakthrough successfully achieved in intermediate-range missiles, now efforts are being made to continue getting around difficulties to bring about a breakthrough in strategic nuclear weapons. In talks on intermediate-range missiles, no reciprocal reduction is sought. On the spot verification is agreed upon, with a precedent also set for other subsequent talks.

People can see that since the United States and the Soviet Union resumed arms control talks in 1985, each side has gained advantages in the trial of strength. But on the whole, the Soviet Union has taken the initiative. This is first because, relatively speaking, the Soviet Union can, with the political direction as a major factor in mind, make decisions on arms control and even unhesitatingly depart sharply from its past stand. Second, the Soviet Union needs an agreement more than the United States does, with more concessions made. Furthermore, in the Kremlin making decisions, there is no restraint from something like the U.S. Congress. Policy also shows relative continuity. U.S. policy decisions are often affected by unexpected factors at home. In addition, the Soviet Union often exploits the tough U.S. attitude toward arms control talks to win international sympathy. It keeps launching diplomatic offensives and keeps making new suggestions and taking new actions, from a unilateral moratorium on nuclear tests to inviting the other side to visit nuclear stations. The Kremlin also tries to take advantage of the contradictions between the United States and its allies and between the U.S. administration and Congress.

Despite more concessions from the Soviet Union, it is a matter of "losing at sunset and gaining at sunrise," with every effort made to bring things generally in line with the principle of "equal security." Therefore, concessions in given areas sometimes seem to be very substantial. Actually, they allow achieving the aim of using retreat as a way to get ahead. For example, when the Supreme Soviet of the Soviet Union discussed the INF treaty in February, the Soviet Chief of the General Staff, explaining the advantages and disadvantages to the Soviet Union, said: The Soviet Union will destroy 826 intermediate-range missiles, and the United States 689. But as

far as modern missiles are concerned, the Soviet Union will destroy 650, and the United States 689. Moreover, what the United States destroys are missiles deployed in Europe that can quickly reach Soviet territory. (Footnote 4) (TASS report from Moscow, 19 February 1988) This is just looking at things from a military point of view. In the political field, needless to say, contradictions between Western Europe and the United States are deepening.

A New Trial of Strength: Strategic Nuclear Weapons Halved [subhead]

In 1987, the U.S. and Soviet heads of state signed a treaty in Washington to eliminate intermediate-range missiles. Negotiation of a 50-percent reduction in strategic nuclear weapons was also progressing continuously. The deadlock over the problem of strategic defense has not been broken. But both sides avoid making it an obstacle in negotiating a 50-percent reduction in strategic nuclear weapons. It is also expected that this treaty on a 50-percent reduction will be signed in Moscow in the first half of this year. Can a timely agreement on these talks that have far greater influence than the intermediate-range nuclear forces treaty be reached? There is still no telling this with certainty. Judging from things in various respects, talks are very complicated and arduous. But the chances of a compromise are not small. Whether a final agreement can be reached and to what degree things will be agreed upon will be determined by the following problems.

1. Can a compromise be made on concrete conditions for a 50-percent reduction in strategic nuclear weapons?

At present, strategic nuclear forces are evenly matched. U.S. superiority lies in the total number of nuclear missiles, submarine-launched warheads, bombers, and cruise missiles and in accuracy with which targets are hit. Soviet superiority lies in the total number of carriage vehicles, the total number of land-based intercontinental missile warheads, the total weight of what is hurled or thrown [zong touzhi liang 4920 2121 2367 6852], and the total equivalent. Both sides are still devoting efforts to raising the capabilities of various kinds of strategic nuclear weapons in regard to strike force, prevention of surprise attack, and the capacity for survival. Before the Washington conference, both sides had agreed on the number of strategic nuclear weapons being reduced by each to not more than 1,600 and the total number of warheads to not more than 6,000, with heavy intercontinental missiles cut in half (reduced to 154 missiles and 1,540 warheads). The conference further agreed on reducing intercontinental missiles and submarine-launched missiles to 4,900. The number of long-range missiles to be reduced by the Soviet Union is slightly higher than 50 percent. The reduction in carriage vehicles is also more than that of the United States. The total number of nuclear warheads to be slashed by the United States will be more than that of the Soviet Union. Despite these developments, many items remain to be

solved. The total number of air-launched cruise missiles is not included in the quota of 6,000 submarine-launched cruise missiles, and has to do with the process of verification.

2. Are strategic nuclear weapons linked to space weapons? A joint communique of the Washington conference was vague on this, as common ground was sought with the shelving of differences. Now both sides cling to their own views. When the Soviet Union put forward the draft of a treaty to reduce strategic weapons on 19 January, it also reiterated what such a reduction means, stressing "strict observance" of "organic links" between antimissile treaties. It seems that the Soviet Union would not give up "links." But for the sake of a breakthrough in strategic nuclear weapons talks, the state of seeking common ground with the shelving of differences may be continuously maintained.

3. How should the 1972 antimissile treaty be interpreted? The most important part of the problem is whether outfield tests of installations of space-based antimissile defenses can be conducted. Such tests must precede future deployment. The Reagan Administration in 1985 called for interpretation "in a broad sense" in an attempt to legalize space tests. The Soviet Union considered that interpretation should be put on a strict basis. Unless there are other agreements by both sides, all the above tests could only be confined to ground laboratories, antimissile testing grounds, and factories. The Soviet Union later no longer insisted on banning all space tests. In 1987, the Soviet Union in a turnabout suggested that both sides jointly agree on a list with the names of installations for which the above tests were allowed, their parameters, and their performance records included therein. The same year, it was additionally suggested that "strict observance" of the antimissile treaty replace the list of items that could be tested. Gorbachev said to reporters that the Soviet Union was "willing to reduced 50 percent (of intercontinental missiles) in the first stage, given strict observance of the antimissile treaty. The United States can act to the extent that the antimissile treaty is not violated. Suit your own convenience! It is all right so long as there is no violation of this treaty." (Footnote 5) (Gorbachev's speech to ABC reporters, TASS dispatch from Moscow, 1 December 1987) How should we interpret things about "non-violation." Soviet officials did not put things in concrete terms. Disarmament adviser to the U.S. President Nitze considered that the joint communique of the Washington conference said: Both sides would "work on research, development and testing according to conditions permitted by the antimissile treaty." This line has given the United States the green light. Based on this, the United States can go its own way carrying out strategic defense program-related research, development and testing. He held the optimistic view that at the Washington conference, the Soviet Union had agreed to the U.S. view. This means that "unless both sides achieve consensus in other respects, each side can freely decide its own action guideline." This maintained the right of the

United States in deploying a strategic defense system. (Footnote 6) (Speech given by Nitze at the Washington National News Club, 15 December 1987) The Soviet Union put things in a different way. Soviet Foreign Minister Shevardnadze said firmly at the conclusion of his visit to the United States in March: "If the antimissile defense treaty is not observed, at least in the period of unanimity through consultation, then there would be no treaty on a 50-percent reduction in offensive strategic weapons."

4. What will be the time limit for observing the antimissile treaty? The Soviet Union called for no backing out of the treaty in 10 years. The United States suggested 7 years as the time limit.

There is possible relaxation by the United States where the problem of strategic defense is concerned. U.S. newspapers and magazines revealed this year that both the U.S. State Department and the Strategic Defense Office of the Department of Defense considered that the restrictions demanded by the Soviet Union involved only a few of the several tens of items scheduled to be tested before 1995, with no serious effect on the whole plan. Crowe, chairman of the Joint Chiefs of Staff, also considered that the Soviet suggestion was worth serious consideration. Observance of the treaty for 7 years was in line with the pre-schedule time (around 1994) for deployment originally advocated by Weinberger. Now things show that the pre-schedule deployment of a strategic defense system with low antimissile efficiency is difficult to bring about, because of strong domestic opposition. Even if it should be deployed, this, according to Director of the Office of Strategic Defense Abrahamson, must be postponed 2 years, because of a budget cut. Therefore, U.S. officials recently revealed that the U.S. side might possibly suggest 8 years as the time limit for observance of the treaty. It was said that according to Soviet official estimates, the United States would deploy a really technically advanced strategic defense system by 2000 at the latest. Moreover, what will after all be future action remains to be seen. (Footnote 7) (A top-ranking Soviet official's talk with Soviet reporters stationed abroad on 25 February 1988; see a REUTER dispatch from Moscow the same day) It seems that this is one of the reasons why Moscow is not in a hurry to force the United States to show its hand.

From the above, we can see that if the talks on a 50-percent reduction in nuclear weapons are not linked to the problem of strategic defense, or are supposedly related but actually not, then, given certain compromises by both sides on cruise missiles, and other problems, the possibility of the United States and the Soviet Union reaching agreement in June this year is relatively great. Otherwise, the possibility is relatively small. Second, talks on a reduction of strategic nuclear weapons are in themselves unusually complicated. It may be impossible to come to terms on all the details in just a few months. Therefore, it is also not impossible for the United States and the Soviet Union to first sign a tentative agreement,

or to continue talks and strive for agreement on a 50-percent reduction in strategic nuclear weapons before the end of the year in the absence of a tentative agreement.

A Reduction of Conventional Armed Forces [subhead]

Once an agreement on a 50-percent reduction in strategic nuclear weapons is reached, the next round of talks will naturally be on conventional weapons, with short-range nuclear weapons included therein.

Microelectronics and remote-control technology are touching off a revolution in conventional weapons. The degree of accuracy in hitting given targets has been raised to an unprecedented height, enabling the might of "refined weapons" to compare with nuclear weapons. Cruise missiles carrying conventional warheads may replace intercontinental missiles in destroying the other side's missiles at the silo. Given the appearance of guided missiles and airplanes of the "stealth" type, the enemy will find it almost impossible to defend himself. Tank and anti-tank technologies are also being improved on. The United States and the Soviet Union have in recent years made a reassessment of the role of conventional warfare. Soviet leader (Ao-er-jia-ke-fu) [1159 1422 0502 4430 1133] first suggested in the country that "At the outbreak of a world war and for a period of time after the outbreak, only conventional weapons may be used." Later, Soviet military circles contended that "under given conditions and in a given period of time, a world war may also likely be conventional warfare." In the European region with the greatest concentration of conventional weapons in the world, the Warsaw Treaty Organization is planning extensive warfare and large-scale encirclement. NATO, on the other hand, is prepared to carry out fighting to deal an in-depth blow that combines "ground and air as a single entity." How to reduce conventional armaments after the elimination of intermediate-range guided missiles has become an increasingly noteworthy problem.

According to an estimate by the London International Institute for Strategic Studies, (Footnote 8) ("A Balance of Military Strength" 1987-1988, by the International Institute for Strategic Studies in the autumn of 1987, p 231), comparisons between the Warsaw Treaty Organization and NATO show the following: 68,300 versus 30,500 tanks; 64,000 versus 34,100 guns; 9,566 versus 7,438 airplanes; 268 versus 199 army divisions. Moreover, the Soviet Union is increasingly narrowing its technical gap with the West. To relieve Western worries, Gorbachev expressed willingness to discuss the phenomenon of "an imbalance" in "a realistic and constructive manner" and to reach an agreement. He said: Conventional forces should "be reduced to a level just needed for defense, or a level not enough to take offensive action." He also said: The elimination of tactical nuclear weapons "must be combined with a reduction in conventional weapons." It was hinted that what the West calls the "three-zero point" program was included

therein. (Footnote 9) (Gorbachev's talk with Strauss of West Germany in December 1987, TASS dispatch from Moscow, 29 December 1987. On his visit to West Germany in January 1988, the Soviet Foreign Minister purposely avoided mentioning the "three zero-point" program, but suggested that carriage vehicles with nuclear and conventional "dual capabilities" should be discussed at the same time as conventional weapons. Thus, short-range missiles, airplanes, and anti-aircraft guns are all included, with the actual contents being the same.)

Nothing has come out of 14 years of talks on arms reduction in Central Europe. At present, the general situation has changed. Things favor the development of negotiations on conventional arms. But it is still very difficult to reach agreement.

Some indications show that the U.S. side may set very high demands in the future. In the past, talks focused on a reduction in the strength of army units. The focus in future will shift onto the offensive capacity. Kissinger considered that given a short period of warning, NATO had only 5 days notice for troop mobilization. The Warsaw Treaty Organization, for its part, had 10 days. Therefore, the main subject of the talks is not the number of troops but "the capacity for concentrating troops in important areas." A statement released by a NATO conference of heads of state on 3 March pointed out that in talks, first consideration should be given to "eliminating the capacity for launching a surprise attack and taking action in connection with a large-scale attack." To this end, the Warsaw Treaty Organization "must make much bigger reductions," especially in regard to tanks and guns. The statement stressed that NATO's nuclear strength could in no way be eliminated. "A deterrent force in the foreseeable future" still calls for a joint unit with "sufficient strength" combining conventional and nuclear forces. Due to differences in distance between the United States and the Soviet Union where Western Europe is concerned, a research report of the U.S. Rand Company considered that the ratio of arms reduced between the Warsaw Treaty Organization and NATO must be 5 to 1. Given a reduction of 18-24 divisions by the former, NATO should make a reduction of 3-4 divisions. Otherwise, a balance could not be maintained. (Footnote 10) (NEW YORK TIMES, 12 November, 1987).

The reason why a reduction in conventional forces is a complicated matter is that apart from the United States and the Soviet Union, many countries of the Warsaw Treaty Organization and NATO are involved. There may also be a conflict of interests within the two big groups. This is especially clear in the case of Western Europe and the United States. Generally speaking, West European countries consider that the maintenance of a low level of nuclear weapons is relatively favorable to them. The INF treaty is a source of both delight and worry to Western Europe. It is delighted, because of a big

reduction in nuclear weapons in Europe, with a relaxation in East-West relations. The worry is the fear of the phenomenon of a "landslide." This is to say that after the first and second "zero point programs," there would appear the third zero-point program. This would result in Western Europe being "nuclear-free," with NATO's "flexible response" strategy rendered ineffective. Western Europe would be exposed to the threat of Soviet superiority in conventional forces. U.S. troops would even be made to withdraw from Western Europe. There are also differences among West European countries. For example, West Germany has a deep fear that it may become the battlefield for tactical nuclear weapons. It hopes for an early agreement to dismantle short-range missiles in Europe. But it is unwilling to carry out the plan for the modernization of short-range missiles decided upon by NATO in 1983. Britain and France, on the other hand, resolutely oppose a further reduction in U.S. nuclear weapons in Europe prior to an agreement by the United States and the Soviet Union on chemical and conventional weapons. The U.S. Administration that seeks an upgrading of short-range missiles resolutely opposes West Germany's idea. Secretary of Defense Carlucci even threatened the withdrawal of U.S. troops in Europe. (Footnote 11) (Carlucci speech at an international symposium in West Germany, 7 February 1988, INTERNATIONAL HERALD TRIBUNE, 8 February, 1988)

The United States and the Soviet Union have recently made some progress in the field of chemical weapons. It is not impossible that the key to success in the talks to prohibit chemical weapons lies in the matter of verification. Experts of both sides last year exchanged visits where military chemical equipment was concerned. But to strengthen its position in negotiations, the United States last year began production of binary chemical weapons.

Arms Control Talks and New Detente [subhead]

If the United States and the Soviet Union can reach agreement on a 50-percent reduction in strategic nuclear weapons, new detente and its momentum starting with the INF treaty will increase. Even if a full agreement has not been reached, the state of tension between both countries has already been relieved. This will also have an effect on the whole international atmosphere. For example, there has been a drop in the temperature of "the hot points" of some areas. Economic and cultural exchanges between East and West have increased. Relations between some countries have taken a turn for the better. There has been a louder voice in the international demand for disarmament and peace. In spite of this, the role of arms control talks in the matter of detente is after all limited.

U.S. and Soviet contention for power spans a whole historical period. After World War II, the relations between the two countries were full of confrontations,

contests, clashes between national interests, and contradictions between systems and ideologies. A long period of hostile sentiment was at the root of this. Both superpowers demonstrated reliance on their great military strength to promote national policy. Moreover, indirect wars were often entered into through their "agents." But because of the fear of a major war and especially of the consequences of a nuclear war, they have all along avoided direct involvement in a clash of armed forces. When both sides are evenly matched in strength and when domestic and international situations urgently call for an alleviation of the tense situation, there appears a state of detente. Therefore, for 40 years or so, U.S.-Soviet relations have, on the whole, gone through four major stages—a confrontation in "cold war," detente of the 1970's, confrontation in the larger part of the 1980's, and the present period of new detente. What is worth noting is that detente has always started with an arms control agreement. The same is true of the 1972 treaty to limit strategic nuclear weapons and the 1987 treaty to eliminate intermediate-range missiles. Yet whether in the 1970's or at present, even given detente, the relations between the two superpowers are essentially still those of confrontation.

Arms control talks have played a limited role in detente, because they are a supplementary means to promote military strategy. They provide rules for the arms race to prevent loss of control and the start of war, but cannot do away with the race. So long as military techniques continue to develop, the policy of confrontation and competition between the United States and the Soviet Union will remain, with no end to the arms race. The entire elimination of intermediate-range missiles and a large reduction in long-range nuclear weapons cannot change the future trend of an arms race between the two countries, from quantity to quality, and from nuclear and conventional weapons to space weapons. An arms control agreement can lessen the hostile sentiment between them and improve the atmosphere of relations between the two countries, but cannot end their contention in various areas. Local contention has all along been an important aspect of the conflict or antagonism between the two countries. In the trend toward detente in the relations between the two countries, some "hot points" may show a reduced temperature, and individual "hot points" may even be eliminated. But the elimination of all "hot points" is impossible.

The role of U.S.-Soviet arms control talks being as mentioned as above, then how are the prospects for U.S.-Soviet detente? People now can see that factors, both favorable and unfavorable to detente, exist at the same time. Generally speaking, any progress in arms control talks does not mean the stability of detente between the United States and the Soviet Union. The basis for such detente is not firm. Detente may gather momentum for a time, but actually will not remain stable for long. There will be ups and downs. Detente and the need for coexistence cannot take the place of the

essence of confrontation and competition. Yet it is not impossible for the current period of detente to last a bit longer than that in the 1970's.

In the 1970's, Soviet strength grew. The United States, plagued by the Vietnam war, wanted very much to relieve its strained relations with the Soviet Union. The Soviet Union took advantage of detente to vigorously expand its military strength. From Angola to the horn of Africa, it ended up sending troops into Afghanistan, with detente dissolved. Now both countries are in a plight. The Soviet Union seeks a breathing space more eagerly than the United States does. Therefore, it reduces expansion and makes more concessions to the United States. Moreover, the last period of detente with nuclear weapons limited but not reduced had relatively little effect on both countries. This time there will be actual reduction in nuclear weapons, with a relatively great effect on both countries. The pressure of the international demand for further disarmament and peace will also increase. Experiences and lessons over many years have made both sides realize that it is relatively advantageous to use more political and economic means and less military means in a trial of strength. In addition, both sides feel that in a world with international political and economic forces more inclined toward multipolarization, if comprehensive national resources are not strengthened, they really cannot adapt to the future situation of pluralistic competition. Gorbachev's remarks on "new thinking," the recent report by the U.S. "Comprehensive Long-Term Strategy Committee," and so forth all showed that the two superpowers deeply felt the need to face up to new realities.

(Footnote 12) (The research report entitled "Impose Deterrents with Differentiation" presented in January 1988 to the President by the "Comprehensive Long-term Strategy Committee" organized by the U.S. Department of Defense made a concrete analysis of suggestions on long-term U.S. security environments and military strategy, which aroused quite a lot of international attention. The report was commissioned by Under Secretary of Defense Ikle and defense expert (wo-er-si-tai-de) [3087 1422 2448 3141 1795]. The participants totalled 13, including Kissinger, Brzezinski, (Heng-ting-dun) [0077 0080 7319], (Gu-de—pa-si-te) [0657 1795 1584 2448 3676], and so forth) This is how things stand, as far as one aspect of the matter is concerned.

Another aspect of the matter is that there are undoubtedly many factors that will play a role in increasing antagonism and competition between the two countries. First, it is difficult to dispel doubts and a deep-seated feeling of distrust between both sides. The U.S. Administration's "National Security Strategy Report" also stressed that "the biggest threat to the interests of U.S. national security is still the Soviet challenge to the whole world." Gorbachev's new style based on his policy of "new thinking" is a "new, continued, and more complicated challenge." The Kremlin stressed the need to maintain "balanced interests and equal security," with

no tolerance whatsoever for U.S. military superiority. Second, in the foreseeable future, upgraded nuclear weapons by both sides will also be deployed. With the INF treaty yet to be enforced, NATO has already discussed the adoption of "compensatory" measures to strengthen its nuclear forces around Europe. To acquire a space combat capacity and an ability to provide space-based support for naval, land and air forces, space arms systems of various kinds will keep appearing. Conventional weapons may benefit from high-tech skills, including space arms technology, to become more refined. As such a new arms race develops to a certain degree, new tensions will inevitably arise in the relations between the United States and the Soviet Union. Especially if the strategic defense system is deployed, the consequences are predictable. Furthermore, the frequency of regional conflicts in Asia, Africa and Latin America may give rise to new "hot points" contested by the United States and the Soviet Union. It is still unavoidable that both countries may intervene by adopting various means.

The contest between the United States and the Soviet Union in comprehensive national resources is also of quite a serious nature. The economic and trade relations between the two countries will be on a limited scale for various reasons. The United States is still joining forces with various countries in a strong bid to ban the flow of high technology into the Soviet Union. To strengthen such a contest in national resources, the United States has recently officially introduced a so-called "competition strategy" as one of the "four pillars" of national defenses. This means throwing the strengths of the United States against the weaknesses of the Soviet Union. The study of "stealth" bombers, the development of an anti-submarine capacity, and the introduction of a strategic defense initiative program are all countermeasures adopted to bring pressure to bear on the Soviet Union. This makes large previous investments in the military field lose their effectiveness. (Footnote 13) (See the 1988 U.S. "National Defense Report." Therein, the "competition strategy," strategic nuclear forces, conventional forces, and arms control were listed as "four pillars" of national defenses.) The Soviet Union is not to be outdone. Gorbachev has come out with the proud statement that it is "not prepared to lose its lead in the field of space development." In addition, can Gorbachev's policy be carried out on a long-term basis? What will the U.S. Administration's policy be after Reagan? It is still difficult to make any such prediction.

In sum, the United States and the Soviet Union as two superpowers will live with each other amidst keen competition. There will be ups and downs in the relations between the two countries. Such a situation will inevitably bring not only renewed detente in the increasingly multipolarized world but also some new problems. Changes in various international relations will be caused, leading to new readjustments in the policies of many countries.

JIEFANGJUN BAO 'Commentary'

HK1706143888 Beijing JIEFANGJUN BAO
in Chinese 4 Jun 88 p 4

["Weekly Commentary" by Dongfang Tie (2639 2455 6993): "Why Is It So Difficult To Get the Right Key?"]

[Text] At the U.S.-Soviet Moscow summit, arms control was still the most important topic for discussion. U.S. President Reagan and Soviet leader Gorbachev exchanged official documents ratifying the INF treaty, which, however, was signed half a year ago. A U.S.-Soviet Treaty on Strategic Arms Reduction, which people have been longing for, is still "steps heard but not people actually seen." In the words of Soviet Foreign Minister Shevardnadze, the two sides "have not cut the key to settling the problems concerning this."

Why is it so difficult for the United States and the Soviet Union to have the "key" fit?

A common saying goes: "Ice 3 feet thick takes much more than 3 cold days to form." The United States' and the Soviet Union's colossal strategic nuclear arsenals are a product of their longtime antagonism and arms race. Although now both the United States and the Soviet Union intend to reduce their hyper-saturated nuclear arsenals, the basis of their antagonism and arms race still exists and their fundamental interests are still in conflict. Therefore, their strategic arms reduction talks are nothing but some bargaining focused on the the relative growth and decline of their strength and aimed at improving their own strategic positions. According to foreign news agencies, the United States and the Soviet Union have over 1,200 differences over the reduction of strategic arms. Half of these differences are technical and the other half are related to their positions. One cannot judge the importance of these difference by quantity because "differences related to their positions" are strategic differences, and "technical differences" are subordinate to strategies.

Judging by the U.S. and Soviet nuclear strategies, one can say that a change has taken place since the early 1980's. They gradually abandoned purely offensive strategies and replaced them with mixed nuclear strategies that are both offensive and defensive. An indicator of this is that both the United States and the Soviet Union have announced they are developing strategic defense systems. One can say that both the U.S. and Soviet nuclear strategies are undergoing a transition from destructive attacks toward emphasis on both "nuclear spears" and "space shields." This transition has made it possible for the United States and the Soviet Union to reduce their "nuclear spears" without affecting their strength. On the other, since their "space shields" have not been deployed and since the quality of their "nuclear spears" is being steadily improved, the United States and the Soviet Union therefore go about reducing their "nuclear spears" very cautiously, in order not to give the other an edge. This is fully reflected in the question of

the INF treaty. Intermediate-range guided missiles constitute only 4 percent of the U.S. and Soviet nuclear arsenals. However, even this treaty, which has almost no effect on U.S.-Soviet confrontation, was not smoothly approved. It was not until Reagan had started his Soviet visit that Baker, chief of staff of the White House Office, hurriedly sent over the documents ratifying the treaty. Speaking at the Moscow Airport on arms control talks and other issues, Reagan cited the following Russian saying: "It was born. It wasn't rushed." Toward the end of the summit, Reagan said that he was not sure whether a Soviet-U.S. treaty on strategic arms reduction could be signed before the end of his term of office. Recently, a Soviet vice foreign minister also said that a treaty on strategic arms reduction "involves the most central aspects of the security of both the United States and the Soviet Union....and even the most minute detail has to be carefully examined." All this shows that both the United States and the Soviet Union are "as cautious as if they are walking on the edge of a cliff or on thin ice" in holding bilateral negotiations.

Given the U.S. and Soviet nuclear strategies, it is difficult for them to compromise on some crucial matters. The most controversial issues include the questions of how to keep track of and count air-based long-range cruise missiles, how to limit and keep track of sea-based long-range cruise missiles fit with nuclear warheads, and whether land-based mobile missiles should be banned. Both the United States and the Soviet Union regard mobile missiles as their national treasure and refuse to make any concessions regarding them because these missiles have greater mobility and better surviving power. Deployed or launched, they are not easily tracked. They can be used in either the first or the second strike. They have become the pillars of the United States and the Soviet Union's deterrent capabilities during the transition of their nuclear systems. How can the United States and the Soviet Union reduce their treasured possessions or easily allow each other to "examine" them?

Now, more and more people among Western strategic experts are talking of a "post-nuclear era." Their discussion is centered on the changes that would take place in the traditional three-in-one nuclear systems of the United States and the Soviet Union, the new combinations of strategic offense systems and strategic defense systems, and a picture of the relative strength of various nuclear countries after a massive strategic arms reduction. However, the experts share the views that in the future, the U.S. and Soviet nuclear arsenals may not shrink, but may undergo changes, and their nuclear relations may become even more complicated. The lack of confidence regarding the control of these complicated circumstances in future is also one reason why decisions are so difficult to make at the U.S.-Soviet Strategic Arms Reduction Talks.

However, in spite of all this, it is still possible for the United States and the Soviet Union to furnish the key to the problems concerning strategic arms reduction. One

reason is that they have the need. A second reason is the tremendous pressure from the world's forces for peace. The UN General Assembly's third special session on disarmament was held simultaneously with the U.S.-Soviet summit. At the session, various countries stressed that it is the special duty of the United States and the Soviet Union, which possess the world's largest nuclear and conventional arsenals, to end the arms race and reduce arms and that they should take the lead in large-scale disarmament. The calls of justice are like thunder. No one can afford to ignore them.

LIAOWANG Comments on U.S.-USSR Summit
HK1706103588 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 24, 13 Jun 88 pp 27-28

[Article by LIAOWANG Contributing Reporter Li Nan (2621 2809): "Brambles and Achievements—A Further Comment on the Fourth U.S.-Soviet Summit"]

[Text] According to a special dispatch from Moscow, Air Force One took off at Moscow's Vnukovo Airport, gradually rose into the sky, and flew toward the west. With the music over and the people gone, the Press Center, located on (Red Preslin) Street in the urban district of Moscow, also closed. The fourth meeting between the Soviet and American leaders ended on 2 June. Comments on the summit will be made by figures in political circles and scholars in various countries for some time to come. They will air their views on the summit. Their opinions might differ, and their comments might vary.

Reagan's Main Theme [subhead]

Reagan has been noted for his uncompromising attitude toward the Soviet Union. During his term of office over the past 7 and 1/2 years, he has again and again employed unfriendly terms to describe the Soviet Union. He has even called the Soviet Union an "evil empire." When interviewed by reporters, this president, who will remain in office for another 6 months, selected human rights and freedom as his main themes. He continued this tough line. When visiting the Danilov Monastery, he talked freely about religious freedom, and invited some dissidents to meet him at his dwelling place to talk about freedom of belief. When he met with writers and artists, he also dwelt on the same theme.

During the first 3 days of his visit, Reagan let his aides discuss the disarmament issue. He concentrated his efforts on paying visits, delivering speeches, and meeting people to harp on his main theme. Reporters in the Press Center talked about this matter. Some said that this was what Reagan had always done in the past. Some said that in this election year, several meetings between Reagan and Gorbachev would be opposed by the forces at home which were more conservative than Reagan. Therefore, it was necessary for Reagan to demonstrate his tough line.

Reagan did not only demonstrate this tough line. The tone of his official speeches was much milder. When spokesmen of both sides briefed the reporters on the four rounds of talks between the heads of state of the two countries, they very often used the terms "pragmatic," "earnest," "friendly," "sincere," and so on. They said: the two leaders sometimes debated with each other, sometimes they laughed heartily, and sometimes they made jokes.

Reagan once said that talks should proceed from actual strength, and that realism should also be considered. By realism, he meant that the demands of the United States, and the ideas of the Soviet Union should be taken into account. He admitted serious differences between the two countries. But he stated that efforts were being made to seek common ground.

History has developed in this way. Reagan has always advocated the efforts to strengthen arms, and condemned the Soviet Union. It is precisely this Reagan who has signed with the Soviet Union the first treaty on destroying nuclear weapons. The numbers of his meetings with the Soviet leaders have exceeded those of the previous American presidents. Reagan once said in his speech that the nuclear arsenals of the two countries were too big, and that it was impossible for them to fight a nuclear war. This probably meant that he and his rival had realized that this was the reality that they had to face.

Giving Tit for Tat [subhead]

The Soviet Union did all it could to make arrangements for Reagan's visit and the summit meeting. The places which Reagan was to visit were repaired and redecorated. A courteous reception was carefully planned. It seemed that the Soviets intended to make their reception of the Americans better than their leaders had received in Washington.

Reagan assigned human rights a most important position. In their heart of hearts, the Soviets did not agree with this. They thought that nuclear arms talks should be the main theme of the talks. But they did not refuse the proposal put forth by the Americans. When the issue of human rights was discussed at the first round of talks, Gorbachev showed his natural and graceful manner. He stated that this issue could be discussed in detail. He proposed that congressmen of the two countries establish special groups to exchange information, and to continue to study the issue. He even said that the criticism by the United States was much weaker than the criticism that the Soviet Union had made of itself.

Reagan invited some dissidents to attend discussions. His host was not pleased with this, but did not stop Reagan from doing so. The Soviets said that Reagan might meet whoever he liked to meet, and go wherever he liked to go.

Outwardly, it seemed that the Soviet side did not care a pin about it. Actually, it was carrying out a tit-for-tat struggle against the Americans. The Soviet Government spokesmen and newspapers and journals openly stated that they disliked Reagan's meeting with those dissidents. They said: "This action taken by the United States will not necessarily increase mutual understanding between the two countries." They added: "We cannot tolerate some people using the issue of human rights to provoke hostility, and undermine the process of disarmament and detente." Soviet newspapers also revealed that the number of people jailed in the United States because of political problems was greater than that in the Soviet Union. It happened that when Reagan was talking eloquently about human rights, four American Indians came to Moscow and held a press conference to expose the oppression of the Indian race in the United States. They said that the Indian race is on the brink of extinction. They stressed: "The United States is a country without human rights."

As revealed by the Press Center, the leaders of the two countries repeatedly adopted the policy of giving tit for tat in their talks. Reagan stressed the unity and determination of NATO, whereas Gorbachev said that the Warsaw Treaty did not lack all these.

Although there were brambles, the Soviet Union made every effort to realize some success in the talks. Gorbachev repeatedly stressed the importance of Soviet-U.S. relations. He pointed out that the improvement of their relations is the common desire of the peoples of the two countries. He listed many problems which should be discussed. The issue of human rights, to which Reagan assigned the most important position, was regarded as the least important issue by Gorbachev. Gorbachev admitted that their differences were great but that they had more common needs. Gorbachev also stressed realism. He said: Even if there are differences, a simple conclusion of historical significance could be reached: Nuclear war must not be fought, because no one will win such a war.

Dialogue, or Confrontation? [subhead]

The summit meeting failed to attain the goal set by the Washington talks: Signing the treaty on reducing strategic nuclear weapons. Some commentators said: "This is music without a theme;" "there are quite a few conflicting tones;" and "substantive things are lacking." These comments reflect the defects of the Moscow meeting.

In their open speeches and joint communique, leaders of the two countries stated: there is still profound divergence on the issue of reducing strategic nuclear weapons. Although progress was made in the calculation of the number of land-based mobile guided missiles and bombers, no substantial achievements were made with regard to the issue of the sea-based and air-based cruise missiles. With regard to the issue of observing the 1972 Antimissile Missile Treaty, and the examination and

supervision of its observance, the differences had not yet been ironed out. It seemed that the two sides stuck to their own views on reducing conventional arms in Europe.

Due to the fact that the differences between the two countries resulting from different historical traditions and ideology had not been reduced, it was difficult to eliminate political hostility and distrust during this particular period of time. The joint communique stressed that the meeting "is an important step in the process of laying an effective and solid foundation for Soviet-U.S. relations." It is obvious that the differences mentioned above are still obstacles to the development of Soviet-U.S. relations in the future.

The last round of talk mainly discussed the issue of regional conflicts. Their differences still exist. Whether the talks were helpful in easing regional tension is still hard to determine.

But this does not mean that nothing was gained in the summit meeting. The two sides expressed their desire to continue their talks on the reduction of strategic nuclear weapons, and their intention of speeding up the talks. They also expressed their desire to adopt a realistic attitude toward their differences, so that dialogue could be continued, and tension could be relaxed. [paragraph continues] The two sides also signed two agreements connected with nuclear weapons. As long as progress has been made, it should be welcomed. As far as a complete halt to the arms race is concerned, the hopes of success are still dim. Reports on the development of new weapons are spreading one after another. It is not groundless for the people to worry about the possibility that big guns will not be replaced by butter, but by tomorrow's big guns.

Owing to a long-term evolution, the pattern of relationships between the two superpowers is characterized by dialogue mingled with confrontation. Dialogue and confrontation are closely connected with each other. Although there will be many brambles in the future, their relations will not deteriorate suddenly. Dialogue might exceed confrontation. Both the Soviet Union and the United States have expressed such a desire.

The curtain of the Moscos summit meeting has already been lowered. Whether the main leaders of the two countries will meet again will be determined by whether they can reach an agreement on the reduction of strategic nuclear weapons. Other conditions are needed to iron out their major differences. No matter how many agreements the Soviet Union and the United States have reached, or how serious their differences, the world situation is developing in a multipolar direction which is beneficial to peace.

United States & Canada

XINHUA on Prospects for Sino-U.S. Trade
OW1806163688 Beijing XINHUA in English
1203 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA correspondent Li Lubo)—Despite constant annoying problems, Sino-U.S. trade and economic cooperation still seem to keep a good momentum and offer bright prospects for both sides.

Thousands of government officials and business executives from the two countries will gather here next Monday for a joint session on industry, trade and economic development, which is expected to work out more efficient ways to turn the prospects into reality by solving problems standing in the way.

Sino-U.S. trade and economic cooperation started almost from scratch in the early 1970s, when ping-pong balls knocked open the long-closed door of diplomatic relations between the two countries.

Yet bilateral trade climbed to 7.8 billion U.S. dollars in 1987, accounting for 9.5 percent of the country's total foreign trade volume and making the United States China's third largest trade partner after Hong Kong and Japan.

According to customs statistics released earlier this week, Sino-U.S. trade hit 3.34 billion U.S. dollars in the January-May period of this year, 26 percent more than the same period last year, with exports exceeding 1.2 billion U.S. dollars and imports reaching 2.1 billion dollars.

U.S. investment in China ranges from hotels to aircraft manufacturing, and Sino-U.S. joint ventures enjoy normal operations on the whole. M.G. Packaging Limited in Guangzhou, and the Beijing Jeep Corporation Ltd, Shanghai-Foxboro Company Ltd and China Hewlett-Packard in Beijing gained a high profile earlier this year when they were named four of the best ten joint ventures in the country.

China has started 116 enterprises in the United States, engaging in trading, financing, manufacturing and tourism, in addition to its leading service, Chinese restaurants.

Local analysts attributed the quick growth of Sino-U.S. trade and economic cooperation to unremitting commitments on the part of both governments. Since 1979, agreements or accords have been signed by both countries covering trade relations, industrial and technological cooperation, avoidance of double taxation, peaceful use of nuclear energy and fisheries.

The two countries have also worked out joint programs for cooperation in metallurgy, electronics, industrial and technological updating, machinery, aviation and medicine since an industrial and technological cooperation accord was signed in 1984.

Analysts noted that Sino-U.S. economic cooperation has experienced some structural changes since 1984, demonstrated by the growing number of larger manufacturing projects and more diversified forms of cooperation.

After the United States relaxed its controls on exports to China in 1985, China's imports of machinery, equipment and other technology products from the United States increased dramatically—from 24.6 percent of the total trade value in 1984 to 42.2 percent in 1987.

At the same time, China's exports of household electronic appliances and machinery to the U.S. has grown steadily, in addition to continued exports of China's traditional commodities like textiles, oil, and arts and crafts.

However, trade analysts say that bilateral trade still accounts for less than one percent of the total U.S. foreign trade volume and they are concerned about the trade imbalance, which brought China a trade deficit of 1.8 billion U.S. dollars last year and of 800 million dollars in the first five months of this year.

China's foreign trade authorities pinpoint four major obstacles in the way of further economic cooperation: the U.S. reluctance to give China GSP [Generalized System of Tariff Preferences] status that most developing countries have; quotas, anti-dumping and other protectionist policies; limits on high-tech exports and transfers to China by the U.S. Government; and the failure to reach bilateral agreements regarding ocean transportation and investment protection.

These views of dissatisfaction are shared by some American business people. They have complaints about China's investment climate, inefficient administration and poor quality of products, saying that these problems often discourage foreign investors and trading firms.

Despite various problems, business people from both countries still seem to share confidence in the prospects for Sino-U.S. trade and economic cooperation.

To justify their optimistic view, analysts here point to the fact that both China and the United States have huge markets for each other's products and that the United States would find it profitable to invest capital, technology and management skills in China, which is now engaged in export development for its coastal regions and in a modernization program for the whole country.

Joint Council Chairman Comments

OW2006083488 Beijing XINHUA in English
0722 GMT 20 Jun 88

[Text] Beijing, June 20 (XINHUA)—The future of bilateral trade relations between the United States and China is bright and should grow rapidly, said Roger W. Sullivan, chairman of the National Council for United States-China Trade today.

Mr. Sullivan told the U.S.-China joint session on industry, trade and economic development, which opened here today, that the establishing of diplomatic relations in the 1970s and the development of military and commercial relations since 1979 have already brought about a normalization of U.S.-China relations.

While pointing out that both countries' economies are complementary, Sullivan called on the U.S. Government to adopt a more realistic attitude toward a foreign assistance program and improved project financing for China, and to maintain a business climate amenable to companies doing business with China.

In so doing, he pointed out, "The U.S. will be able to participate in and benefit from a rapidly expanding Chinese economy, and the two countries could then forge a new bilateral relationship built on mutually beneficial commercial relations."

Commenting on China's export-oriented economy, Sullivan said that the export-driven growth dependent on cheap labor and protectionism of the newly industrialized countries is out of date and will no longer work for China. This is because labor costs as a percentage of total manufacturing costs are falling, making wage levels increasingly irrelevant in world competition.

"China faces the more complex task of developing an efficient economy and it should move more rapidly to an open, market-driven economy," he said.

"There are, of course, difficulties and risks for China in following a development strategy based on building an efficient, open economy. Chief among them, perhaps, are inflation and balance of payment difficulties, but these risks can be managed," he said.

U.S. Insurance Company To Help Develop Shanghai

OW1806221388 Beijing XINHUA in English
1433 GMT 18 Jun 88

[Text] Shanghai, June 18 (XINHUA)—Maurice R. Greenberg, general manager of the American International Group (AIG), told XINHUA Friday that his group is willing to help develop the city of Shanghai.

He said that the group appreciates the open policy implemented in the country and is interested in opening insurance business in such places as Shanghai and Hainan Province.

An improved insurance service will help make foreigners confident of investing in the city, said Greenberg, also chief executive of the group, a leading American insurance corporation with assets of 28 billion U.S. dollars and with branches in 130 countries and regions.

"We originated in Shanghai," he said. In 1919 a young American entrepreneur founded an insurance company which later expanded to become AIG.

Because of this background, the group pays special attention to promoting relations with China. It set up an insurance firm with the participation of the People's Insurance Company of China in 1980, and another joint venture with the Ministry of Light Industry in 1984.

In 1985 AIG invested 30 million U.S. dollars in building part of the Shanghai Exhibition Center.

"For us this investment was historically important," he said, adding that Shanghai is a place [word indistinct] opportunities for development.

Greenberg said he believed that dramatic change have taken place since 1975 when he first visited China. "New progress can be seen whenever I visit this country," he said.

However, he also pointed out that China's financial market is not brisk enough. "Only brisk finance can promote the growth of the economy," he said.

Medicines Approved for Export to Canada
OW1806155788 Beijing XINHUA in English
1218 GMT 18 Jun 88

[Text] Shanghai, June 18 (XINHUA)—Medicines from China are making their way into the North American market, with the first order of 1.2 million mycostatin film coated tablets scheduled to leave for Canada next month.

Thomas Conroy, president of the Sino-American Shanghai Squibb Pharmaceuticals Ltd., one of the first Sino-U.S. medicine projects, said, his firm's medicines have been approved for the Canadian market by the Canadian Health Protection Bureau.

"Canada is very strict about importing foreign medicines," said Mr. Conroy.

Last year, Canada's Health Protection Bureau sent two groups of experts and technicians to inspect the corporation, he said, adding they not only checked medicine quality but also the production lines.

The corporation, which started production in 1985, mainly produces antibiotics, vitamins and cardiovascular medicines.

Using technology provided by the U.S.-based E.R. Squibb and Sons, the firm's products are manufactured in line with the World Health Organization's good manufacturing practices.

"Our next plan is to break into the U.S. market," said Mr. Conroy, adding medicine manufactured by his company is expected to be approved by U.S. medicine examination groups by the end of this year.

The 220-employee corporation started making profits nine months after it started production, with its medicines being exported to southeast [word indistinct] since last October.

An [words indistinct] the firm admits his corporation suffers a shortage of foreign currency because of limited exports, but he believes the problem will be solved when exports are expanded next year.

Soviet Union

USSR Said Ahead in 'Liberalizing' Freedoms
OW1906133188 Tokyo KYODO in English 1127 GMT
19 Jun 88

[Text] Shanghai, China, June 19 KYODO—Noted Chinese writer Xia Yan has complained that China is still far behind the Soviet Union in liberalizing the freedom of thought and opening information to the public.

He made the criticism in an interview story carried by the Shanghai-published newspaper, WORLD ECONOMIC HERALD [Shijie Jingji Dabao], on Sunday.

In the interview Xia mentioned the ongoing strong Soviet criticism of the late leader Josif Stalin, and asked who in China would dare to publicly criticize the late Chairman Mao Zedong.

Xia is vice chairman of the China Federation of Literary and Art Circles.

As the criticism of Stalin is spreading in the Soviet Union, the Chinese people's evaluation of the late Soviet leader is also changing and many issues arise on which China should modify its theoretical interpretation, Xia suggested.

Regarding the 1966-76 Chinese cultural revolution, Xia said China is still insufficiently critical of the revolution.

The Communist Party leadership has thoroughly criticized the Cultural Revolution in party documents, but when a story about a tragedy caused by the Cultural Revolution is filmed, it still touches off controversy and trouble, Xia said.

In the interview, Xia said the Soviet Union is far ahead in providing the public access to information.

The openness of information reflected in Chinese newspapers has been corrected a little since the Communist Party's National Congress last year, Xia said.

But he said he feels sad when he only learns of Chinese leaders' remarks and statements through monitored foreign press stories.

Xia also took up democratization as a common problem for China and the Soviet Union. Human rights, humanism, humanity and similar words are still taboo in socialist countries, but discussion of these things is fundamental for democracy, Xia stressed.

Gromyko Receives Chinese Youth Delegation
OW1806012788 Beijing XINHUA in English
0103 GMT 18 Jun 88

[Text] Moscow, June 17 (XINHUA)—Soviet President Andrey Gromyko expressed the hope on Friday that Soviet and Chinese youth will expand friendship and contacts in various fields.

In a meeting with a visiting Chinese youth delegation of the All-China Youth Association, Gromyko said considerable potential for friendship between Soviet and Chinese young people should be tapped to promote their countries' relations.

The 79-year-old Soviet president praised China's achievements in reforming the country and said that the Soviet Union is closely watching the Chinese reform experience.

The Chinese youth delegation arrived in Moscow June 9 for a 10-day visit at the invitation of the committee of the Soviet Youth Organization. The visit marks the first by a Chinese youth delegation to the Soviet Union in 25 years. Last year, a Soviet youth delegation traveled to China.

The Soviet president also briefed the Chinese guests on Soviet internal and foreign policies, and the achievements of the perestroika (restructuring) process.

He said that the upcoming 19th National Conference of the Soviet Communist Party will be of major importance. It will review the reform experiences of the past three years and set targets for further reforms, Gromyko added.

Wang Meng Interviewed by Soviet Journalists
HK1806032088 Beijing WENYI BAO in Chinese
4 Jun 88 p 1

[Report by Li Meng (2621 5492): "Wang Meng Meets Soviet Literary Journals and Newspapers Delegation"]

[Text] On the afternoon of 28 May, Cultural Minister Wang Meng, who is also Vice Chairman of Chinese Writers' Association, met all the members of a visiting

Soviet literary journals and newspapers delegation, who came to China as guests of the Chinese Writers' Association. He also answered questions put to him by well-known political commentator Chernenchiko, who is head of the delegation and secretary of the Soviet Writer's Association Council, and by (Wudalizhufu), a member of the visiting delegation and deputy editor in chief of the Soviet paper "LITERARY GAZETTE."

Question: Do you think your ministerial post hinders your work as a writer? Do the two hamper each other or help each other?

Answer: A ministerial post is not, at any rate, helpful to a writer. I am doing my best to continue my creative work. For a real writer, writing will never stop, just as he breathes and as his heart beats. For example, when I travel by plane, I am always noting down something. Sometimes, I "embezzle" a bit. For example, when I am away on business, if I can finish everything within 2 days as scheduled, I do not return but stay one more day to write something. Anyhow, there are ways as long as I try to find them. The best way, of course, would be that I will be relieved from my office after a period of time.

Question: What do you of think the present state of affairs in China's ideological sphere?

Answer: Chinese society is undergoing profound changes. No doubt, such changes are also taking place in the ideological sphere. First of all, these changes are dynamic. For example, independent and free literature and art creation, criticism and discussions are more active than before. People are discussing things in a more realistic but not blind way. The habit of approaching problems in a stereotyped and dogmatic way is seldom seen. Of course many new problems are also cropping up, such as confusion arising from values and many antisocialist ideologies coming from abroad. At present some of these things can hardly be judged in a proper way. For example, more and more young people are eager to study in the United States and Japan. This contains something, both positive and negative. It is still hard to say whether this is good or bad. In the course of the changes, we are very prudent to judge the present state of affairs in the ideological sphere. We must remain clear-minded and must be patient too.

Question: Some people say that China's policy of opening up to the outside world is like a bird and the four cardinal principles are like a bird cage. What is your attitude toward the assertion?

Answer: I think Soviet comrades can understand the question more easily than others. Our friends from Hong Kong and Taiwan like to raise such a question often. I do not think our reform means to radically change or overturn socialism. On the contrary, we want to build a better socialism. Our endeavor to carry out reforms and open up to the outside world is enriching the content of

China's socialism. China is a big country, so its reform should be carried out under stable social conditions. It is not difficult to understand this point.

Question: What about present cultural life in China's rural areas?

Answer: The present cultural life in China's rural areas has been enriched. For example, what peasants could do most for a wedding in the past was to entertain a large number of guest at a banquet. However, more and more peasants are now able to entertain their guests with films or theatrical performances. Scientists have worked out a "spark program" of populating scientific knowledge in rural areas. What is more, some rich households in the countryside open libraries, reading rooms and recreational rooms at their own expense. Of course, there have been some new problems. Some people are anxious to earn money and let their children work and do business without going to school. Meanwhile, the problem of child labor is becoming increasingly serious in some township and town enterprises. Before old illiteracy is wiped out, new illiteracy has appeared. This problem has aroused unceasing attention of people of all walks of life.

Question: How do you look upon the role of political commentary in social life? Political commentary in our country has played an important role in opposing the program of sending water from the north to the south. Is there any concrete example of the kind in China?

Answer: From the paper WENYI BAO, which was published today, I read a report about the serious "Xizu" economic criminal case in Shaanxi. It is said that the case was finally dealt with in a different way due to different views expressed by some reportage articles. But I think this is mainly due to careful investigations conducted by judicial departments, not only due to views expressed by literary works and political commentaries. Generally speaking, I do not think that the mission of a writer is to get directly involved in policy making through his works. Similar cases should mainly rely on efforts of judicial departments.

Also present at the meeting were (Weierjingsiji), (Zelianskefu), members of the visiting delegation, as well as (Duxin), cultural attache of Soviet embassy in China, and Wu Changtai, deputy editor in chief of the paper.

Northeast Asia

Li Ruihuan, Tianjin Group End DPRK Visit
OW1806123488 Beijing XINHUA in English
1143 GMT 18 Jun 88

[Text] Pyongyang, June 18 (XINHUA)—A Chinese delegation from the municipality of Tianjin left here today after a week-long visit to the Democratic People's Republic of Korea.

The delegation, led by Tianjin Party Committee Secretary Li Ruihuan, was received by President Kim Il-song and visited factories, rural areas, schools, movie studios and scenic spots.

The Chinese delegation arrived here June 10 at the invitation of Kim Il-song.

NODONG SINMUN Condemns Pacific War Games
OW2006110988 Beijing XINHUA in English
0645 GMT 20 Jun 88

[Text] Pyongyang, June 20 (XINHUA)—NODONG SINMUN, party paper of the Democratic People's Republic of Korea (DPRK), today denounced the joint maneuvers staged by the United States, Japan, Canada and Australia in the Pacific Ocean.

The joint exercises, which started on June 16, are said to have involved some 50 warships, 200 planes and 50,000 troops and will last about 50 days.

The daily accused the United States of attempting to realize its Pacific strategy of taking control of the sea and air in the region.

The paper singled out Japan for criticism, noting that the country has sent more troops than it had ever sent before to a joint military exercise held outside its territory.

DPRK Condemns U.S. for Military Activities
OW1506122888 Beijing XINHUA in English
0802 GMT 15 Jun 88

[Text] Pyongyang, June 15 (XINHUA)—A military spokesman of the Democratic Republic of Korea (DPRK) today condemned the United States for attempting to strengthen military activities with the South Korean authorities during the 24th Olympic Games scheduled for September in Seoul. A spokesman of the Ministry of the People's Armed Forces of Korea said in a statement that under the pretense of ensuring security at the Olympics, the United States has bolstered its military activities on the Korean peninsula since the beginning of this year.

According to the spokesman, the United States and South Korea held the tenth Military Committee Meeting and the 20th Annual Security Meeting in Seoul on June 7-9 and signed a military accord to step up military exercises and strengthen an early warning system against "possible unexpected events" during the Olympic Games.

This is a premeditated act against the South Korean people struggling for national reunification, the DPRK spokesman said.

He said that DPRK people and the government will continue to work to ease tensions on the Korean peninsula and strive to co-sponsor the Olympics with South Korea.

Denounces Reinforcement

OW1606032488 Beijing XINHUA in English
1416 GMT 15 Jun 88

[Text] Pyongyang, June 15 (XINHUA)—The Ministry of the People's Armed Forces of the Democratic People's Republic of Korea (DPRK) has strongly condemned the reinforcement of U.S.-South Korean military forces for the upcoming Olympic Games.

The KOREAN CENTRAL NEWS AGENCY quoted a spokesman of the DPRK People's Army as saying that the United States and South Korea had declared in a joint statement that they would continue to stage joint military exercises under the codename of "Team Spirit" and would strengthen an "early warning system" against a "military threat of the North" and "possible unexpected events," and would at the same time deploy additional U.S. forces and warships including aircraft carriers in South Korean waters.

The U.S.-South Korean joint statement was published on June 9 after a three-day session of their 10th Military Committee meeting and 20th annual security consultative meeting in Seoul.

The DPRK People's Army spokesman described the U.S.-South Korean joint statement as a military agreement which, he said, was entered into on the pretext of protecting this summer's Olympic Games in Seoul.

Such an agreement, he noted, runs counter to the proposed North-South dialogue and is a challenge to the world's peace-loving people and Korean people hoping to realize the reunification of the Korean peninsula. He warned that it is also a threat to peace in Asia and the world as a whole.

"The Korean people and the officers and men of the Korean People's Army will not remain an onlooker" if the United States and South Korean authorities "persist in moves of aggression and war against us," the spokesman added.

Japan Urged To Lift COCOM Export Curbs

OW1906100788 Beijing in Japanese to Japan
0930 GMT 17 Jun 88

[Text] The ninth regular meeting on China-Japan long term trade was held in Tokyo on 15 June. (Liu Jiwen), head of the Chinese delegation to the meeting, took the occasion to call on the Japanese side to remove the so-called COCOM [Coordinating Committee] restrictions on exports to China.

At the 15 June meeting, the delegates of both sides, after exchanging views on the present situation in China-Japan trade, also agreed to discuss at next year's regular meeting the question of whether to extend the agreement on long-term trade when it expires 4 years from now in 1992.

This year marks the 10th anniversary of the signing of the agreement on long-term trade, and China-Japan trade relations can be said to have been smooth in general. But, since early last year when the so-called Toshiba Machine incident occurred, the Japanese Government has been compelled to have plant export contracts with China unilaterally cancelled or postponed, causing the Chinese side to suffer considerable damages and losses, and thus adversely affecting China-Japan trade relations.

To deal with this situation, the Japanese side expressed its willingness to continue to make efforts so that the Japanese Government may improve trade conditions for China.

NPC's Yan Jici Meets Japanese Physicist's Widow

OW1706133288 Beijing XINHUA in English
1107 GMT 17 Jun 88

[Text] Beijing, June 17 (XINHUA)—Yan Jici, vice-chairman of the Chinese National People's Congress Standing Committee, met and feted Nobuko Sakata, widow of Shoichi Sakata, the late Japanese physicist, here this evening.

Southeast Asia & Pacific

Sihanouk Returns to Beijing 20 Jun

HK2006101288 Hong Kong AFP in English
0943 GMT 20 Jun 88

[Text] Beijing, June 20 (AFP)—Cambodian resistance leader Prince Norodom Sihanouk returned to Beijing Monday after having spent nearly two and a half months in Pyongyang, a member of his entourage said.

Prince Sihanouk—who divides his year between China, North Korea and Thailand—is expected to stay only a few days in the Chinese capital before going on to Bangkok, the source said.

His return to China coincides with a sudden upsurge in developments aimed at restoring peace in Cambodia, where Vietnam has maintained a military presence since December 1978.

Vietnam has said it will withdraw 50,000 of its troops by the end of the year and that it plans to participate in talks next month in Indonesia between the pro-Hanoi Phnom Penh government and Cambodian resistance groups.

Hanoi says it has 90,000 troops in Cambodia, but Western sources say the figure is 120,000.

Philippine Congressional Group Begins Visit

Arrives in Beijing

OW1806215888 Beijing XINHUA in English
1439 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)—A congressional delegation from the Philippines led by Senate President Jovito R. Salonga arrived in Beijing here tonight for a 10-day goodwill visit to China at the invitation of the Standing Committee of China's National People's Congress (NPC).

This is an important delegation from the Philippines following President Corazon C. Aquino who visited China last April.

The delegation is scheduled to meet Wan Li, chairman of the NPC Standing Committee, and other Chinese state leaders.

Among those greeting the delegation at the airport was Wang Hanbin, vice chairman of the NPC Standing Committee.

Meets Wan Li

OW1906102288 Beijing XINHUA in English
0935 GMT 19 Jun 88

[Text] Beijing, June 19 (XINHUA)—Wan Li, chairman of the Standing Committee of the Chinese National People's Congress (NPC), said here today that China has achieved unprecedented development during the past ten years of reform and opening to the outside world.

At a meeting with a congressional delegation from the Philippines led by President of the Senate Jovito R. Salonga, Wan added that China's economy has been developing steadily during the past decade and the cultural and material life of its people has improved.

Wan noted that China had defined the policy of opening to the world and invigorating its economy after the third plenary session of the 11th Party Central Committee held in late 1978. This, he said, was precisely to go all out to develop its economy and maintain stability and unity.

In the political restructuring, Wan continued, China still has a lot to do, including to further improve democracy and build up socialist legality.

Speaking of the Sino-Philippine relations, Wan said, since China and Philippines are close neighbors, there exists a traditional friendship between their people, and the successful visit by President Corazon C. Aquino to China last April has further advanced the development of bilateral relations.

He remarked that China has noted with pleasure that under the leadership of President Corazon Aquino and with the joint efforts by the Philippine Congress and people, the situation in the Philippines is moving further towards stability and new progress has been made in its economy.

"China is willing to continue to develop long-term and stable relations of good-neighbourlihood and friendship with the Philippines on the basis of the five principles of peaceful coexistence, he said.

He stressed that peace and development are the common desire of China and the Philippines and both countries need domestic stability and unity and an international environment of peace.

Wan also expressed his appreciations to President Corazon Aquino's "one China" policy in support of China.

Salonga said that his Congress supports the Philippine Government's "one China" policy. He also thanked the NPC for its hospitality and warm welcome accorded to the delegation.

Both Wan and Salonga expressed their hope to expand the relations between the NPC and the Philippine Congress.

After the meeting, the NPC Standing Committee gave a banquet in honor of the delegation. Wan and Salonga proposed toasts at the banquet.

This morning, Wang Hanbin, vice chairman of the NPC Standing Committee, and Salonga held talks. Wang briefed the delegation on the function of the NPC and also answered questions raised by the Philippine senators and members of the House of Representatives on the delegation.

The delegation, including vice president of the Philippine House of Representatives and leader and deputy leader of the Senate Majority Party, arrived here yesterday evening.

Wan Li Hosts Banquet

HK2006052988 Beijing International Service
in Tagalog 1130 GMT 19 Jun 88

[Text] In Beijing, the Chinese National People's Congress Standing Committee chairman Wan Li met the Philippine delegation at noon today headed by Senate President Jovito Salonga. Wan Li said that the Philippines and China are good neighbors and that cooperation in trade, culture, science and technology, and so on are continuously expanding. With the visit of President Aquino to China last April the friendly relations between the two countries have been further enhanced. Wan Li lauded the development of the Philippine situation toward stability and the economic improvements. He added that both China and the Philippines belong to the Third World developing countries and long for peace

and development. As in the past China is prepared to continue fostering its long-term and stable relations with the Philippines based on the five principles of peaceful coexistence. Wan Lin praised and thanked the Philippine Government for abiding by the one-China policy.

Salonga said that the majority of Philippine congressmen and senators support the one-China policy. Furthermore he said he is hopeful that during this visit the friendship between the two countries will be enhanced.

Wan Li hosted a banquet for the Philippine delegation after the meeting. The Philippine delegation arrived in Beijing last night for a 10-day friendly visit. This important group is one among those that followed Aquino's visit last April.

Indonesian Trade Delegation To Visit 23 Jun
OW1606234488 Beijing XINHUA in English
1351 GMT 16 Jun 88

[Text] Hong Kong, June 16 (XINHUA)—A trade mission from Indonesia has decided to visit China from June 23 to July 1 in an effort to increase bilateral trade between the two countries. ANTARA reported from Indonesia's capital of Jakarta today.

The delegation will be led by Sukamdani Gitosardjono, chairman of the Indonesian Chamber of Commerce and Industry (KADIN).

The delegation will discuss with their Chinese counterparts ways and means for promoting trade relations between the two countries, trade barriers and the participation of Indonesia in Beijing's fair scheduled in May next year. Sukamdani told reporters after he had reported the plan to Minister/State Secretary Moerdiono yesterday.

Sukamdani said the prospect of direct trade between the two countries in the future is bright as they need each other's commodities.

Sukamdani said that the number of commodities and their values traded between the two countries have been increasing.

Indonesia's exports to China included plywood, sawn timber, cement, steel plates, rubber, concrete iron, coffee, palmoil, fertilizers and spices.

Commodities it imports from China include cotton, soybean, maize, coal and machine tools for agriculture.

Acrobats To Perform in Indonesia for 1 Month
OW1606110088 Beijing XINHUA in English
0822 GMT 16 Jun 88

[Text] Singapore, June 16 (XINHUA)—An acrobatic troupe from China will go to Indonesia and give a one-month performance in that country from late July.

An agreement on the performance in Indonesia by China's Shenyang Acrobatic Troupe was signed at a local hotel here this afternoon by Liang Dong, the assistant representative in the Office of the Commercial Representative of the People's Republic of China, on behalf of the China Performing Arts Agency, and Mrs. Alamshah, chairman of the Indonesian Blind and Handicapped Welfare Association, on behalf of the association.

This is the first cultural agreement reached by non-governmental organizations of the two countries since 1965.

Wong Juann, the commercial representative of China, and Rais Abin, Indonesian ambassador to Singapore, also signed the agreement as witnesses.

Under the agreement, the 60-member Shenyang Acrobatic Troupe will give performance in Jakarta, Surabaya and Medan.

Air Service Accord Signed With Malaysia
OW1706092188 Beijing XINHUA in English
0546 GMT 17 Jun 88

[Text] Beijing, June 17 (XINHUA)—Malaysia and China signed an air-service agreement Thursday enabling the national airlines of both countries to operate direct scheduled and chartered flights, according to a report from Kuala Lumpur.

The report quoted Secretary General Ramon Navaratham of the Transport Ministry as saying the pact between Malaysia Airlines and the Civil Aviation Administration of China did not cover regular commercial flights.

He said fortnightly scheduled flights were expected to begin mid-September between Kuala Lumpur and Beijing.

About 5,000 Malaysians, most of them businessmen or Chinese-Malaysians visiting relatives or seeking medical treatment, fly to China each year, said Navaratham.

Sub-Saharan Africa

Reportage on Visit of Ethiopian President

XINHUA Profiles Mengistu
OW1906022288 Beijing XINHUA in English
0124 GMT 19 Jun 88

[Text] Beijing, June 19 (XINHUA)—Mengistu Haile Mariam, president of the People's Democratic Republic of Ethiopia, will pay a state visit to China on June 20-26, at the invitation of President of the People's Republic of China Yang Shangkun.

Mengistu, who is also general secretary of the Workers' Party of Ethiopia and the country's commander-in-chief of the Revolutionary Armed Forces, was born in Addis

Ababa on May 27, 1941. He was promoted to a second lieutenant after studying in Holeta Military Academy in 1957-1959. He was a drillmaster and armourer in the Army's Third Division in 1960-1964 and an artillery company commander in the Army's Third Division in 1967-1974. He studied industrial economics for two years at the Maryland University of the United States.

In March, 1974 he was chosen to join the Coordination Committee of the Armed Forces, Police and Local Army, and became chairman of the committee four months later. He became first vice-chairman of the Provisional Military Administrative Council redesignated from the Coordination Committee as soon as Emperor Haile Selassie was overthrown on September 12, 1974. He became chairman of the Military Committee in February 1977, chairman of Preparatory Committee of the Working People's Party of Ethiopia in December 1979, and general secretary of the Workers' Party of Ethiopia in September 1984.

Mengistu has taken up the post of the president of the Republic and concurrently the president of the State Council since the People's Democratic Republic of Ethiopia was proclaimed on September 12, 1987.

Leaves Addis Ababa

OW2006081288 Beijing XINHUA in English
2331 GMT 19 Jun 88

[Text] Addis Ababa, June 19 (XINHUA)—Ethiopian President Mengistu Haile Mariam left here this evening for a week-long visit to China.

This is Mr. Mengistu's first official visit to China since the Ethiopian revolution in 1974.

It was learned that in China, Mr. Mengistu will hold talks with top Chinese leaders on ways to promote the relations between Ethiopia and China in various fields and on other matters of common concern.

Besides Beijing, the capital of China, the president will also visit Shenyang, Shanghai and Hangzhou.

Accompanying the president on his China visit is a 29-member delegation which includes Deputy Prime Minister Tesfaye Dinka and Foreign Minister Berhanu Bayeh.

Arrives in Beijing

OW2006075488 Beijing XINHUA in English
0628 GMT 20 Jun 88

[Text] Beijing, June 20 (XINHUA)—Ethiopian President Mengistu Haile Mariam arrived here this afternoon by special plane to start his week-long state visit to China.

Zeng Xianlin, chairman of the Chinese Government reception committee and minister of light industry, and other Chinese officials greeted the president and his party at the capital airport.

Accompanying the president were Ethiopian Foreign Minister Berhanu Bayeh, Vice-Chairman of the Council of Ministers Tesfaye Dinka and other high-ranking officials.

Chinese Premier Li Peng will preside over a welcoming ceremony and banquet for the Ethiopian president later today.

Zimbabwean Official Visits NPC's Chen Muhua
OW1806113788 Beijing XINHUA in English
0944 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)—Vice-Chairwoman Chen Muhua of the National People's Congress Standing Committee discussed the role of women in state affairs with Mrs. Shuvai Ben Mahofa, Zimbabwean vice-minister of state political affairs in the president's office, here today.

Mrs. Mahofa, who has visited Beijing and other Chinese cities since her arrival on June 6, told Chen that she was deeply impressed by the contributions made by the Chinese women in industrial enterprises and in society at large. She is scheduled to leave for home tonight.

NPC Vice Chairman Meets Congolese Official
OW1706133988 Beijing XINHUA in English
1104 GMT 17 Jun 88

[Text] Beijing, June 17 (XINHUA)—Liao Hansheng, vice-chairman of the Chinese National People's Congress Standing Committee, met Vital Balla, president of the Congolese Association for Friendship with People of All Countries, here this afternoon.

During the meeting Liao praised Balla for his contributions to the Sino-Congolese friendship.

Balla has been here as guest of the Chinese People's Association for Friendship with Foreign Countries.

Botswana Minister 'Satisfied' With Visit
OW1906050688 Beijing XINHUA in English
1833 GMT 18 Jun 88

[by Chen Qimin and Zhang Yongxing]

[Text] Gaborone, June 18 (XINHUA)—Botswanan Minister of External Affairs Dr Gaositwe K.T. Chiepe returned here this afternoon after a five-day official visit to China, saying that she was very satisfied with the visit.

Dr Chiepe told XINHUA at Botswana's international airport: "I am very satisfied with my visit to China".

During her stay in China, Dr Chiepe had discussions with her Chinese counterpart of the bilateral and international issues. She described the discussions as "very good".

Asked about the prospect of the relations between China and Botswana, the minister said: "They will grow stronger and stronger." She hoped that there should be more Chinese people in the future to visit Botswana and more Botswanan people to visit China.

During her stay in China from June 10 to 15, Dr Chiepe visited the Great Wall and the Palace Museum in Beijing. She also visited Shanghai and Hangzhou during the period.

Reportage on RSA 'Sharpeville 6' Decision

ACFTU Demands Group's Release
OW1706144888 Beijing XINHUA in English
1215 GMT 17 Jun 88

[Text] Beijing, June 17 (XINHUA)—A spokesman for the All-China Federation of Trade Unions [ACFTU] today described the South African authorities' refusal to review the case of the "Sharpeville Six" as "another crime arising from their sticking stubbornly to the apartheid policy".

The All-China Federation of Trade Unions and 130 million Chinese workers strongly condemn the South African authorities' refusal to review the case in disregard of the just demands by people all over the world, the spokesman said.

He said that the Chinese workers and trade unions demand that the six black people be released at once, and support the just struggle by the South African workers and people.

The spokesman expressed the belief that the South African people's just struggle will be finally victorious.

Association Protests RSA Action
OW1806182988 Beijing XINHUA in English
0724 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)—The Chinese Association for International Understanding sent a message of solidarity to the Pan African Congress Friday, protesting South Africa's refusal to re-examine the case of the Sharpeville Six and demanding their release.

The Chinese people "vehemently condemn the South African authorities for their atrocities of suppressing and persecuting the South African people," the Association said in the message.

A South African Supreme Court earlier this week rejected a request to reopen the case of the Sharpeville Six, who have been condemned to hang for complicity in the murder of a black township official.

Liberia To Receive Chinese Medical Aid
OW1606154988 Beijing XINHUA in English
0028 GMT 16 Jun 88

[Text] Monrovia, June 15 (XINHUA)—The government of the People's Republic of China has agreed to dispatch a medical team shortly to Liberia, according to a protocol signed here today.

This will be the third Chinese medical team to work in the country since 1983.

The Chinese Government has also agreed to donate some medicines and other medical supplies to Liberia.

Deputy Minister of Health and Social Welfare of Liberia Boima Barclay appreciated the continued assistance by the Chinese Government and expressed the hope that the friendly relations between the two countries will be further strengthened.

West Europe

Envoy to France Refutes Dalai Lama's Claims
HK1806083088 Beijing RENMIN RIBAO in Chinese
18 Jun 88 p 6

[Dispatch from Correspondent Ma Weimin (7456 3634 3046): "Ambassador Zhou Jue Publishes Article in 'LE FIGARO' Condemning Dalai Lama's Move in Splitting the Motherland and Sabotaging Nationality Solidarity"]

[Text] Paris, 17 Jun—Today's international edition of LE FIGARO prominently publishes an article by Zhou Jue, PRC's ambassador to France. The article gives a brief introduction to Tibet's history and present situation and solemnly points out that "expressions such as China has 'occupied' and 'annexed' Tibet" are entirely without foundation. The Chinese people, and especially the Tibetan people, resolutely oppose the Dalai Lama in "clamoring for 'independence for Tibet' and engaging in activities for splitting the motherland and undermining nationality solidarity."

Ambassador Zhou Jue begins by stating that he has noticed "reports in certain French media about Tibet, and feels that certain friends in the media do not have a very good understanding of Tibet's history and present situation"; thus, it was necessary for him to write this brief introduction. He cites irrefutable historical facts to trace the long story of friendly exchanges between the Hans and Tibetans, and goes on to point out: "Historical facts prove that Tibet has been formally in China's domain since the mid-13th century. That is 500 years before Corsica became French territory. There is no country in the world today, including India, that does

not recognize that Tibet is a part of China's territory. Expressions holding that China has 'occupied' and 'annexed' Tibet are entirely without foundation."

He goes on to point out: "We have never denied that the 'Cultural Revolution' caused serious damage in Tibet. Despite that, the tremendous historic changes that have taken place in Tibet since its peaceful liberation, and especially in the past 10 years, are obvious to all." He gives a review of the social progress made in Tibet in various aspects, such as the exercise of autonomy powers, legal protection for freedom of religious belief, and economic development.

Ambassador Zhou Jue's article says in conclusion: "The Dalai Lama is not only a religious leader but also a political exile. In clamoring for 'independence for Tibet' and engaging in activities for splitting the motherland and undermining nationality solidarity, he actually wants to restore in Tibet the feudal serf system which was even more barbaric and backward than Europe in the Middle Ages, and to cast the Tibetan people back into the abyss of calamity. The 1 billion Chinese people, and especially the 2 million Tibetan people, resolutely oppose this. History can only advance and can certainly not retreat."

According to the French press, the Dalai Lama is currently active in a number of places in Western Europe. Yesterday, at the European Parliament in Strasbourg, he advocated a proposal for "independence for Tibet within the scope of association (being maintained with China)."

Swedish Trade Minister Visits Beijing
OW2006082988 Beijing XINHUA in English
0715 GMT 20 Jun 88

[Text] Beijing, June 20 (XINHUA)—Zou Jiahua, Chinese state councillor and minister of machine-building and electronics industry, met and feted a Swedish trade and industry delegation led by Thage G. Peterson, Swedish minister of industry.

Peterson, who is co-chairman of the Joint Chinese-Swedish Committee, and his party are attending the eighth session of the committee which opened here this morning.

CPC Official Hosts Italian Communist Cadres
OW1806131088 Beijing XINHUA in English
1105 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)—Song Ping, member of the political bureau of the Chinese Communist Party Central Committee, met and hosted a banquet for a group of cadres from the Italian Communist Party, here tonight.

The delegation is led by Sandro Morelli, member of the Italian Communist Party Central Committee and leading member of the committee's Organization Department.

Song spoke highly of the relations between the two parties, which were officially restored in 1980.

East Europe

Supervision Minister Visits Czechoslovakia
OW1906043588 Beijing XINHUA in English
0133 GMT 19 Jun 88

[Text] Prague, June 18 (XINHUA)—Czechoslovak Premier Lubomir Strougal said here today that state supervisory organizations must be strengthened while political and economic restructuring is under way.

In a meeting with visiting Chinese Supervision Minister Wei Jianxing, Strougal briefed Wei on the guiding ideology and principles of his country's supervision of administrative officials and said he hoped supervisory organizations of the two countries would promote exchanges of experience.

The delegation of the Chinese Ministry of Supervision headed by Wei arrived here on June 10 to observe the work of the country's People's Control Committees at various levels. He leaves for Hungary on Monday.

Sino-Czechoslovak Academies Sign Agreement
LD1906032788 Prague CTK in English
0820 GMT 18 Jun 88

[Text] Beijing June 18 (CTK correspondent)—An agreement on cooperation in social sciences between the Czechoslovak and Chinese academies of sciences and a plan of scientific cooperation for 1988-89 were signed here today. Under the agreement on cooperation, the academies of sciences of the two countries will exchange scientists, literature and expert information. The agreement is valid for six years.

Peace Delegation Departs for GDR
OW1706225488 Beijing XINHUA in English
1431 GMT 17 Jun 88

[Text] Beijing, June 17 (XINHUA)—A delegation of the Chinese People's Association for Peace and Disarmament led by its President Zhou Peiyuan left here by air tonight to attend an international meeting in the German Democratic Republic on striving for the establishment of a non-nuclear weapons zone.

Zhou is also vice chairman of the National Committee of the Chinese People's Political Consultative Conference.

Romanian Premier, Officials 'Reprimanded'
OW1806102288 Beijing XINHUA in English
0749 GMT 18 Jun 88

[Text] Bucharest, June 17 (XINHUA)—A number of ranking Romanian Government officials, including Premier Constantin Dascalescu, were severely reprimanded today as a result of "an illegal contract" between a Romanian firm and a foreign company.

According to the official Romanian news agency AGERPRES, the ruling Romanian Communist Party's Central Executive Political Committee held a special session today and issued a decision, warning Dascalescu and disciplines [as received] two other deputy premiers.

In 1986, Romania's Sulina Port Administration violated Romanian law by entering a contract with the 'Kimika' company of the principality of Liechtenstein for the storage of large amounts of chemical and petrochemical industrial wastes in the free port of Sulina.

Romanian law bans the storage of any waste that threatens the population's safety and health.

In 1987, the Bucharest-based Romanian 'Chimica' foreign trade enterprise agreed to a contract with the Liechtenstein company to sell those industrial wastes in Romania, AGERPRES reported.

Under the party's Executive Committee decision, Dascalescu was warned for his failure to "take timely measures to prevent the storage of those industrial wastes at the Sulina free port," AGERPRES reported.

First-Deputy Premier Gheorghe Oprea, Deputy Premier Stegan Udei and Petro-Chemical Industrial Minister Ion Nicolae were disciplined for "failing to make clear what happened and failing to take necessary measures."

Ilie Vaduva, minister of foreign trade and international economic cooperation, and his secretary, Constantin Stanca, have been dismissed from office for approving the two contracts.

Also dismissed was Stefan Birlea, chairman of the State Planning Committee.

"The three seriously violated the state laws, abused powers and showed negligence and irresponsibility of work in approving the two contracts," according to AGERPRES.

The Central Executive Political Committee criticized Interior Minister Tudor Postelnicu for "not taking immediately necessary measures to eliminate the serious results of the event."

It also criticized Deputy Premier Neculai Ibanescu and Financial Minister Gheorghe Paraschiv for "not conducting necessary examination on work at the customs."

The news agency also said that the directors of the Sulina free port administration and the 'Chimica' foreign trade enterprise have been dismissed and face trial.

According to Romanian and international law, steps were also taken to sue the Liechtenstein company.

Yugoslav Workers Protest Pay Cuts
OW1806055388 Beijing XINHUA in English
0122 GMT 18 Jun 88

[Text] Belgrade, June 17 (XINHUA)—Nearly 4,000 striking Yugoslav workers marched on the country's parliament Friday in protest over a wage-control law imposed by the government.

The demonstration by the workers from the Zmaj Farm Machinery Plant was the biggest since the Yugoslav Government passed the law on pay cuts and consumption controls on May 15.

The strike organized by the factory's trade union started at 11 o'clock in the morning. The strikers demanded a meeting with government officials at the parliament to air their grievances.

In talks with government officials, including President of the Yugoslav Federal Assembly Dusan Popovski and Vice-Premier Janez Zemljarić, representatives of the workers voiced complaints over the wage cuts and price hikes and strongly urged the government to find a solution to the present crises.

Zemljarić also made a speech at the rally explaining the wage-control decree, but the speech did little to mollify the angry strikers.

Later, a trade union official announced that subsidies would be made for the reduced pay on June 22, and the vice-premier would visit the factory to meet with the workers.

Poland Adopts New Military Oath
OW1806114088 Beijing XINHUA in English
0634 GMT 18 Jun 88

[Text] Warsaw, June 17 (XINHUA)—The Polish Parliament Friday unanimously passed a new military oath for the Polish Army, without specially-stressed reference to fighting alongside the Soviet Army, according to the official Polish news agency PAP.

But, the PAP quoted government sources as saying that the change of oaths only meant an updating of antiquated language and would not produce any negative effect to Polish-Soviet military alliance which has long been continuing.

Under the old oath, newly-conscripted Polish soldiers had to swear to guard peace in "brotherly alliance with the Soviet as well as other allied armies."

However, the new oath, proposed by the Polish Government and the Defense Ministry, stipulates that new conscripts should only swear to "guard peace in the brotherhood of arms with the allied armies," making no special reference to the Soviet Army.

The old oath used to be a target attacked by certain Polish opposition groups, who said it had been an insult to Polish sovereignty.

WEN WEI PO on Ninth Political Bureau Meeting

Part 1

HK1806054688 Hong Kong WEN WEI PO in Chinese
17 Jun 88 p 2

["Special Dispatch From Beijing" by correspondent Liu Jui-shao (0491 6904 4801): "Discussing the Ninth Meeting of the Political Bureau (Part 1)"]

[Text] Beijing, 16 June—At the recent ninth meeting of the Political Bureau of the CPC Central Committee, the members of the Political Bureau and Secretariat as well as the secretaries of more than 10 provinces and municipalities and heads of various relevant departments and committees were called together to discuss many current pressing matters. This made people feel that the top leaders of the central authorities are also fully aware of the difficulties in solving the current problems. Just as a high-ranking official said: "Our ship has encountered stormy waves and the situation is serious." Judging from Beijing's newspapers, which have carried a series of reports recently on some incidents, and the spirit they have advocated, the so-called "stormy waves" mainly refer to the following: First, the development of the economic situation; second, the will of the people. The two are interrelated. Inappropriate handling of economic problems will inevitably lead to a crisis of confidence. The people will certainly have doubts about reforms and will no longer support the reformers. This simple and direct reaction of the people is understandable. Conversely, without the support and understanding of the people, no effective prescriptions nor brilliant schemes can ever be carried out.

How the Leading Body Makes the Appraisal [subhead]

First, something about the economic situation. In this respect, let us probe into the problems from three different angles.

A. How does the leading body of the CPC appraise and evaluate the recent and future economic situations?

Generally speaking, it can be summed up as follows: The achievements of reforms over the past 9 years should be affirmed, and this is the main stream; but there are still many difficulties, and the difficulties are hard to resolve.

The achievements of reforms over the past 9 years are obvious to all. They have also been basically affirmed by general opinions both at home and abroad. There has been a steady growth in industrial output value, gross national product, and foreign exchange earnings year by year. Both revenues and foreign exchange earnings of the first 4 months of this year were higher than those of the same period of last year.

The CPC's leading body holds that although all kinds of problems have emerged and the standard of living of many people has dropped (according to the state statistical figures, affected by the factor of commodity prices alone, the actual per-capita income of 21 percent of the total urban residents was lower than 1986), the actual income of more people has increased. This is a result of reforms. Zhao Ziyang said: "Generally speaking, reform should benefit the people as a whole. If the interests of only a small percentage of the people are affected, we should still say that reform is a success." As a policymaker for the overall situation, what he said is quite understandable. From the attached table we can see that the economy as a whole also grows along with the growth of commodity prices.

Attachment: Comparison of Increase in Prices With Growth in Various Economic Indicators

	Comparison With Previous Year (Percent)		
	1985	1986	1987
General retail price index	8.8	6.0	7.3
Gross domestic product (at prices)	13.0	8.3	9.4
Comparable index of factory prices of industrial products	8.7	3.8	7.9
Profit and tax realized by independently-accounting industrial enterprises under whole-people ownership	15.7	0.5	10.0
All-personnel labor productivity in independently accounting industrial enterprises under whole-people ownership	8.0	2.4	7.6
Social commodity purchasing power	24.5	18.1	20.0
Total retail sales	27.5	15.0	17.6

The Law of Value Has Not Yet Been Brought Into Play [subhead]

The CPC's leading body also holds that the current problems, including those which have also appeared and those which have not yet appeared in other socialist countries, have emerged in such a situation that the old structure is being changed but the new one has still not yet been established or has not yet given play to its power. In the course of developing from the planned economy to the commodity economy, the latter has not

yet become the dominating force. Its fundamental law—the law of value—has still not been brought into play. Take the price system for example, the question is not whether we should reform this system but how we should do it under the current situation in which the price structure is quite irrational. At present, the excessive increases of some commodity prices, which have somewhat lost control, have brought about difficulties to our reforms. For another example, on the question of income, the problem is not the low income of people as a whole, but the unequal distribution of income and the irrational structure. To solve all these difficult problems of reform, it is necessary to give overall consideration in seeking effective methods. Now the central authorities have entrusted the State Council with responsibility for this work, and the latter has passed various concrete problems on to relevant special groups or committees, asking them to work out plans and suggest measures as soon as possible.

B. Since the project is very large, what is the attitude of the CPC's leading body? Their attitude will have a decisive influence on future practices.

They feel that all these problems cannot be evaded. Just as some of them said: "Reform has come to a critical point. We must work with one heart and one mind and strive to surmount all difficulties." Some East European socialist countries gave up their reform measures when they encountered economic difficulties. As a result, they have lost opportunities. The CPC has learned a lesson from this.

Recent Remarks of Deng Xiaoping [subhead]

They hold that it is necessary to adhere to reform. Apart from the pressing situation which requires them to go straight ahead, there are two other favorable factors. One is the obvious trend of steady economic growth and the comparatively greater bearing capacity of the great majority of people whose actual income and standards of living have increased. The other is that the leaders of the older generations are still living and in good health. To put it more concretely, this chiefly refers to Deng Xiaoping.

In a recent meeting with foreign guests Deng Xiaoping also talked about the question of commodity prices. Some comments outside asked: Is it appropriate for him, the chairman of the Military Commission, to talk about commodity prices? Moreover, he was not talking about the question from an angle of caring for the people's sufferings. Based on this, some people held that after Deng Xiaoping made those remarks, his prestige declined.

However, people in the know have made a more profound analysis of Deng Xiaoping's remarks. On the question of commodity prices, Deng Xiaoping said that this is the first pass to go through. The role it will play is to unify opinions at higher levels rather than asking the

people to respond. Whenever problems occur, a viewpoint that can most easily win over the people's support is to maintain stability before doing anything else and to wait for the opportune moment to go into action rather than acting rashly. When we emphasize seeking stability before taking further action, we should take the actual situation into consideration. If we only seek stability and do not move, we will fall back. What Deng Xiaoping said meant to reaffirm the general orientation of making continuous advances and reform. That is why the press communique after the meeting said that "there is no way for us to retreat." Judging from the general situation, people with discerning eyes soon understand that having drawn a lesson from past bitter experiences, China's general trend of reform is irreversible.

Part 2

HK1806085088 Hong Kong WEN WEI PO in Chinese
18 Jun 88 p 1

["Special Dispatch From Beijing" by correspondent Liu Jui-shao (0491 6904 4801): "Discussing the Ninth Meeting of the Political Bureau (Part 2)"]

[Text] C. Since it has been decided to cut off all means of retreat and to fight with the back to the river, then how will reform be continued, and how will the continuous advances be made? This is a question that the people are most interested in. Let us look at the schemes of the CPC's leading body from the following three aspects.

1. The question of commodity prices—the hottest topic of conversation.

It has been learned that at present, about 60 percent of commodity prices have been relaxed. According to relevant departments, still more prices will be relaxed in the future. Except for some commodities and services which should be put under overall control, such as capital goods, grain, railway, communications, and coal, the prices of other commodities and services will be gradually relaxed. This also includes some commodities in short supply. As to the speed of relaxation of prices, some may be completely relaxed in one step while others may be relaxed by stages. But it will not be a very long course. It is hoped that while relaxing prices, the irrational price structure will also be improved.

A high-ranking official once compared China with Brazil, saying: I am told that commodity prices in Brazil are rising at a monthly rate of about 15 percent, or rising by 700 to 800 percent a year. How do people make their living then? Why can the Chinese not bear it? I am not an economic expert and do not quite understand these remarks. At present, people are most interested in the question of how the commodity prices will be relaxed and what measures will be adopted. As the conditions are not yet ripe, the relevant authorities have not revealed anything about this. Nevertheless, all localities have already worked out their respective plans. It is estimated that they will be carried out one after another

in the second half of the year. While readjusting prices, reform of the housing system will also be carried out. Many cities will have this reform started from some selected districts.

What the official quarters have to do at present is to curb the uncontrolled rises of commodity prices, oppose and prevent people from reaping staggering profits, and make people able to bear the current prices (to be further explained later). The leading body of the CPC definitely affirmed that the current double-track price system is a temporary system. It has also established a special committee to deal with problems concerning commodity prices, expecting to have the problems successfully solved within 5 years.

Zhao Ziyang on the Question of Wages [subhead]

2. The question of wages—an abnormality in history.

The top Chinese leaders know very well that China's wage system is "abnormal." The most irrational phenomenon of this system is the "inverse relationship between mental and physical labor," that is, the wages for mental and complex labor are lower than those for physical and simple labor. This has aroused strong grievances among the intellectuals. At a recent Political Bureau meeting and a Standing Committee meeting, Zhao Ziyang said: "I have every sympathy for the intellectuals whose pay is really too low. The phenomenon of inverse relationship between mental and physical labor should not be continued for a long time, because it is counter to the policy of valuing intellectuals."

Then, what measures will be taken to improve the situation?

It is learned that the top Chinese leaders are planning to increase the total wage by 50 to 90 percent within 5 years if the prices as a whole increase by 50 percent in the same period. At present, reform of the wage system should be carried out simultaneously with the growth of commodity prices. Otherwise, many people will find it difficult to live.

Principles for Carrying Out Reform of the Wage System [subhead]

The following are some principles and ideas for reform of the wage system:

—Wages of organs and institutions will be disconnected from those of enterprises, which are determined by economic returns.

—In the future, the wages of organs will also be gradually disconnected from those of institutions.

—At present, before an overall reform of the wage system is carried out, subsidies should be provided for low-income people and the bases of subsidies should be appropriately increased.

—In various areas and units, the "filed wage" [dang an gong zi 2909 2714 1562 6327] system will be gradually adopted (this system is also called "post wage system," meaning, the wage is decided by the work post rather than by the mere consideration of one's seniority and grade).

—While carrying out wage reform, it is necessary to overcome egalitarianism and thoroughly eliminate the phenomena of the "big rice pot" and unreasonable comparisons. People of relevant departments say: The "big rice pot" is also a kind of exploitation system, under which the lazy exploit the diligent.

—The "impoverished-household foundation" will be established on a trial basis, and the method of providing relief funds or subsidies will be changed into a method of helping the poor. The Liaoning Provincial Federation of Trade Unions has attained experience in this respect. It has established a foundation to provide impoverished households with low-rate or interest free loans and certain productive channels (such as contracting garment cutting and household handicraft). In this way it has helped some 10,000 staff and workers get rid of poverty. This experience was affirmed and recommended at the Political Bureau meeting.

More Controversies Over Compensated Services [subhead]

—Compensated services will be encouraged. But there are more controversies over this question, especially over the question concerning educational institutions and similar units. The central leaders hold that under the current situation that there are insufficient funds for education, this method should be adopted with necessary explanations. But the middle-level departments hold different views. At the grass-roots level, however, there are different opinions on this question. Some are in favor of this method and hope it will be adopted as soon as possible. In this case, some have even charged the students some 1,000 yuan for changing schools. But some are still taking a wait-and-see attitude. It seems that the compensated service needs to be further standardized.

The CPC's leading body holds that when the above-mentioned measures are adopted it is still necessary to follow a general spirit, that is, to correctly handle the relationship between wage reform and the improvement of the people's livelihood and the growth of productive forces. The phenomenon of immediate consumption following the pay raise should not be encouraged; and the growth of consumption should not exceed the growth of productive forces. To put it in their own words, "when production grows a cun, livelihood will grow a fen."

[Chinese length units: 1 cun equals 10 fen] At present, as the basic wage is rather low, many units have indiscriminately given out bonuses or bonuses in kind under all sorts of names. Some of these bonuses are higher than prescribed by relevant regulations (according to which the total bonuses given out by the enterprise to its workers in a year should not exceed the limit of 450 percent of the average monthly wage of the workers). Some poorly-run enterprises have also given out bonuses in the same way, adding great burdens to the state.

Part 3

HK1906043488 Hong Kong WEN WEI PO in Chinese
19 Jun 88 p 3

["Special Dispatch From Beijing" by correspondent Liu Jui-shao (0491 6904 4801): "Discussing the Ninth Meeting of the Political Bureau (part 3)"]

[Text] Beijing, 17 Jun—The State Council has already entrusted the Ministry of Labor, the Ministry of Personnel, the Education Commission, and the Science Commission to jointly work out a scheme for price reform. According to information disclosed, it is gratifying that the income of intellectuals (particularly those who have made great contributions) will be a matter considered first. However, some departments have also realized that it is necessary to prevent the mood of resistance and even action by the physical laborers arising from the competition.

The People's Dim Sense of Paying Taxes [subhead]

3. The question of revenue.

The top CPC levels believe that individual regulative taxes and enterprise taxes are the quickest and most reasonable sources of increasing income at present. If the question of regulative taxes is properly dealt with, besides increasing income, it will also be possible to narrow the gap between the rich and poor. Because of the dim sense of paying taxes and the failure to attach importance to the work in the past, taxes paid by individuals throughout the country last year totaled only 20 million yuan, of which Beijing accounted for 6.4 million. This shows that other cities and localities have paid no attention at all to levying regulative taxes.

Meanwhile, the top CPC levels have clearly pointed out that a system of declaring personal income must be established and taxes must be levied on those with a high income.

The relevant departments have also discovered the phenomenon of "rich local and nongovernment organizations, but poor central authorities and government departments." To properly allocate social funds, the departments concerned have decided to raise the interest rates, particularly interest rates for savings.

Moreover, the Political Bureau meeting discussed the questions of industrial and agricultural results and revenue which included: Improving the technical and management level and allowing the rational combination of enterprises, developing an enterprise merging system and encouraging the supernumerary to develop tertiary industry, and eliminating unified distribution in circulation of farm products and removing the intermediate links.

Now let us view another question facing Chinese leaders - the problem of popular feelings. I will also discuss this matter from three respects.

The top CPC levels have soberly analyzed the three main reasons for unstable popular feelings: The pressure in economy and life resulting in cries of discontent from the masses; the people losing confidence because of corruption within the party and government; and the failure to mediate between the masses.

Remarkable Endurance of the Chinese People [subhead]

1. The reaction from the pressure in life is natural. The public security departments of some localities have continuously received applications for demonstrating in streets (livelihood is not the only reason), which also included some veteran cadres.

Fortunately, these practices are not yet common because the endurance of the Chinese people is stronger than the first rate rubber tire in the world which will not puncture until it reaches the extreme point. This is the greatest advantage for the Chinese rulers. They should settle the matter as quickly as possible before it leads to grave consequences.

2. Meat rots because of insects. The spread of corruption and malpractices has attracted the attention of top CPC levels. Almost all major Chinese newspapers are discussing issues concerning corruption and honest work style nowadays. This is one of the main topics of the Ninth Political Bureau meeting.

The top CPC levels have discovered that the current policies though good are often distorted in the course of implementation. Some localities refuse to implement the policies and some even defy these policies. According to a survey conducted by government departments, less than one-fifth of all the reform and opening up policies formulated by the CPC and provincial levels have been earnestly implemented and under one-third of the policies have been partially implemented.

Make Efforts To Foster a Corruption-Free General Mood [subhead]

To foster a corruption-free general mood, the top CPC leaders have proposed a number of new measures, including:

—Establish a system of the people exercising supervision. Regarding the question that even the supervisory departments should accept supervision, some people feel that they are losing face. The quality of supervision is quite obvious from the fact that even the supervisory departments are put under supervision. However, the top CPC leaders believe that it is a normal process which they have not evaded from having no supervision in the past to the establishment of supervisory departments (discipline inspection organs within the party and supervisory departments within the government) and further to the supervisory departments also receiving supervision. Indeed, the discipline inspection organs and supervisory departments have failed to be strict with themselves in the past and the practice of abusing power to seek personal gain occurred occasionally.

The substantial contents of the system of the people exercising supervision will be promulgated at an appropriate time. It has been learned that the NPC's "Group To Deal With Letters and Visitors From the Localities Appealing for Help" will be enhanced.

—The basic level units should be reorganized and this work will be placed on the agenda.

This work is quietly carried out in some experimental units by the Organization Department of the CPC Central Committee. Those who cannot play an exemplary role will be persuaded to withdraw from the party. Actually, this is another party rectification which is different in nature and focus from the past. It has been reported that the number of party members withdrawn from a certain unit accounted for 8.5 percent of the total number of members. A high-ranking official said: "There are too many party members now (a total of 46 million, accounting for around 4.3 percent of the country's population and uneven in quality). We should let some of them to withdraw from the party and never try to set targets for recruiting new members in the future." Meanwhile, it is necessary to follow rules and regulations so as to prevent the practices that may damage the prestige of the party.

Part 4

HK2006042288 Hong Kong WEN WEI PO in Chinese
20 Jun 88 p 2

["Special Dispatch From Beijing" by correspondent Liu Jiu-Shao (0491 6904 4801): "Discussing the Ninth Meeting of the Political Bureau (part 4 and last)"]

[Text] —Party and government cadres must not be allowed to engage in businesses. Otherwise, it will be impossible to foster an honest and upright work style.

With the functional changes in government organs, large numbers of economic entities have been established one after another. As the economic activities of the organs under the government in the past have been divided, many people want to be transferred from government to

commercial organs. Apart from taking preventive measures in the organizational structure, it is also necessary to provide against possible trouble. This will constitute part of the contents of the "Regulations for Public Servants" to be introduced later.

According to the draft "Regulations for Public Servants," if public servants are transferred from the administrative organs, their capacity as public servants will no longer be retained. Public servants at their posts should not assume any concurrent posts outside the state administrative organs or assume honorary posts in enterprises and profit-making institutions. They may undertake not more than two honorary posts concurrently in the nonprofit-making institutions and mass organizations. However, because of China's special social environment and personal relations which are tied in a hundred and one ways, the question of separation of the government administration from commercial operations remains to be settled

A Lack of Communication Between the Government and the People [subhead]

3. As communication with the people is not properly handled, it has been difficult to make things going on at higher levels known promptly and accurately to lower levels and vice versa.

According to an analysis by an insider, instead of publicizing the importance and arduousness of the price reform to the people before introducing the reform, the government merely made a general statement of "stabilizing prices." When prices soared and there was a short supply of materials, the masses knew nothing about the specific scheme. They rushed to purchase out of fear of losing out by putting their money in banks. The authorities did not have ample goods to meet the demand, and the prices which led to a strain on the government had made public the practical difficulties and grounds for adjusting the prices and increase transparency of the material work, it definitely would have been advantageous to the situation.

Preparations Made To Deal With Turbulence [subhead]

(II) [as published] What are the difficulties the CPC must face to solve the question of popular feelings?

Generally speaking, there are the following three factors:
1. The unstable factors latent in social environment. The demonstration launched by university students some time ago was an indication. However, the top CPC levels are worried about the events that may follow this "beginning" rather than these demonstrations. They realized that the students' demonstrations would be of no avail. The situation would be grave if the other three kinds of citizens join the demonstrations. Thus, it is necessary to take precautions.

We must guard against people joining in and stirring up trouble, they pointed out, such as making an issue of the Tibet question to engage in sabotage. A high-ranking official said: We are prepared against turmoil. Regarding the demonstrators, first, we should not be afraid of them, and second, we should take action in light of the situation. It has been learned that some departments have already received specific instructions.

The top CPC levels also believe that legal preparations should be made to serve as a means of guarantee and persuasion. The 18-article draft "Law on Assembly and Demonstration" has been submitted to the State Council's Legal System Bureau for study. In addition, the drafting of an "Emergency Law" has also been mentioned. Although these preventive measures are beyond reproach, particular note should be taken not to aggravate the contradiction and create a tense atmosphere unintentionally.

2. [number as published] I am not going to elaborate here the difficulties of passing the economic barrier which were greater than expected. In addition, there is also the question of unemployment.

A number of major newspapers have discussed the question of unemployment over the past few days. This is also one of the topics of the Political Bureau meeting. Probably, the Chinese authorities have for the first time acknowledged the objective existence of unemployment (in the past they often used the term "waiting for jobs").

To increase efficiency of enterprises, they believe that staff members and workers should be capable and those incompetent should be streamlined. However, it is by no means easy to reduce the staff. Although arrangements are made to encourage the supernumerary to develop tertiary industry, there are still tremendous obstacles. If the question of this contingent of unemployed is not properly handled, it will inevitably lead to social turbulence.

Some people propose that the government and enterprises should undertake the responsibility of establishing a welfare fund to help the unemployed tide over difficulties. However, enterprises are grumbling about providing subsidies to workers. Because of the decrease in profits, the contractors are not willing to continue the contracts and some even want to terminate the contracts. These problems are interrelated.

3. Corruption has become a thick layer of dirt which requires great resolution and the spirit of advancing despite difficulties to remove it.

(III) Some proposals.

As I know nothing about economy, I dare not show my incompetence. From the things I saw and heard during my stay in Beijing, however, I feel that I must say something from the bottom of my heart. I would just like to mention the following:

Give Full Play to the Role of the Press [subhead]

1. It is necessary to eliminate the practice of "dealing with people in different ways," particularly at "certain levels." As the saying goes, "if the superior sets a fine example, the subordinates will follow." Indeed, the CPC has many good policies. Whether the top levels can take the lead in implementing them will be decisive in producing good results. Take housing reform as an example, there are 4,000 families at and above vice ministerial level in Beijing which receive special treatment and are not affected by the increase in rent. The practice of dealing with people in different ways, particularly in light of their position, will make the masses feel disheartened. At the current Political Bureau meeting, the remark of a high-ranking official is worth appreciating: "The system of accusation should be perfected and those who are to be punished must be punished."

2. Apply a new viewpoint to look upon the press and understand and trust the sincerity and judgement of the majority of the journalists. We should not assume that the journalists are "adding fuel to the flames" and thus lead to the conclusion: "It is still necessary to exercise leadership over the press." The failure of the publicity of price reform lies in the inappropriate use of the press. The economy has been invigorated because of the restrictions lifted on this field. However, those engaged in social sciences have not benefited from this. The people, both ancient and present, always have the affairs of the state in their mind. It is not true that only those assuming high positions are concerned about the country and the people.

Trial Begins in Murder of Beijing Student
HK1806095088 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0915 GMT 18 Jun 88

[Report: "Beijing Begins Trying the Suspect Murderers of Beijing University Student"]

[Text] [no place name as received] 18 Jun (ZHONGGUO TONGXUN SHE)—According to Beijing sources, today, the Beijing Municipal Intermediate People's Court officially began trying Wang Jian and the other five suspect murderers of a Beijing University student.

Wang Jian and the other five are suspected of beating to death Chai Qingfeng, a graduate student at the Department of Geophysics at the Beijing University, outside the Beijing University Campus on the morning of 2 June.

The Beijing Municipal People's Procuratorate started legal proceedings with the municipal people's court on the 9th this month.

Wang Jian, the first accused, is 25 and the eldest of the defendants. The youngest is only 18. Five of them have previous criminal records and five are young people waiting for jobs. Liu Bin, the only suspect with a senior high school education, was the assistant manager of the computer management company under the Academy of Science of China Equipment and Instruments Company.

Except for Wang Jian, the other five defendants have found defense lawyers to appear in court. According to relevant stipulations, the court also found a lawyer for Wang Jian.

The six defendants confessed everything in court. But Wang Jian stressed that when he shot at the victim he only meant to threaten him and force him to yield. He never thought of killing him as what he used was but an air gun. Defendant Ha Enming admitted that after he saw the victim being shot, he gave him a bat on the head with a spade.

More than 200 people, including student representatives from Beijing University, personages from the political and legal circles, and relatives of the victim, were present in court. The municipal intermediate people's court will pronounce final judgment in a few days.

Further Report on Court Hearing

OW1806182188 Beijing XINHUA Domestic Service
in Chinese 1203 GMT 18 Jun 88

[Text] Beijing, 18 Jun (XINHUA) — The Beijing Municipal Intermediate People's Court opened a session this morning to hear the case of a Beijing University student who was beaten to death. More than 400 people including some students and faculty members of Beijing University attended the court proceedings as visitors.

The court hearing was conducted according to the procedures specified by law. A branch of the Beijing Municipal People's Procuratorate sent personnel to appear in court to support the public prosecution. In his statement, the public prosecutor pointed out: The investigation of the court shows that the crime committed by the six defendants is quite clear, that the evidence is reliable and complete, and that the charges made by the procuratorial organ in its bill of prosecution are tenable. In view of the seriousness of the crime committed by the defendants and its harmful effects on society, it is suggested that the court severely punish the defendants according to law. The lawyer of the six defendants expressed his views on the facts pointed out in the bill of prosecution and on the charges against the defendants and their individual responsibility for the offense. The six defendants made separate statements and defenses to the court.

The court hearing lasted 4 and 1/2 hours.

On the basis of the facts found and the evidence verified, the collegiate panel will take into full consideration the statements made by the public prosecutor, the defense attorney and the defendants; conduct deliberations; submit the case to the adjudication committee for discussion and decision; and then pass judgment on the first count. The announcement of the judgment will be made in public, with the date of the announcement to be determined later.

Central Party School To Launch Another Journal

HK1906015888 Hong Kong WEN WEI PO in Chinese
19 Jun 88 p 1

[Dispatch from correspondent Liu Jui-shao (0491 6904 4801): "Central Party School To Launch Another Publication"]

[Text] Beijing 18 Jun — The CPC Central Committee has decided to close down HONGQI, and entrusted the Central Party School to take charge of the publication of the journal QIUSHI [3061 2508]. Meanwhile, the Central Party School will initiate another journal for the public, and its name will be DANGXIAO LUNTAN [8093 2699 6158 1086 PARTY SCHOOL FORUM]. The Central Party School originally had a journal of its own, called LILUN YUEKAN. When it was decided that HONGQI was to close down, LILUN YUEKAN was also affected. In principle, the journal HONGQI is to come under the jurisdiction of the Central Party School, to be merged with LILUN YUEKAN, and to assume a new name QIUSHI. However, the staff of QIUSHI continues to work at the original site of the HONGQI office. They have not moved to the Central Party School. The personnel are basically unchanged and are under the leadership of former editor in chief of HONGQI and current vice president of the Central Party School Su Xing [5685 2502.] It is evident that DANGXIAO LUNTAN, initiated by the Central Party School, is the school journal. It is going to be a monthly, and its initial issue will be ready some time in the latter half of this year.

Li Peng Inspects Reforms in Hebei

OW1706213688 Beijing XINHUA Domestic Service
in Chinese 1501 GMT 17 Jun 88

[By reporter Yang Shuxun]

[Text] Shijiazhuang, 17 Jun (XINHUA) — Premier Li Peng; Chen Junsheng, state councillor and concurrently secretary general of the State Council; Du Runsheng, director of the Central Rural Policy Research Center; Minister of Agriculture He Kang; Minister of Materials Liu Suinian; and officials of the State Commission for Restructuring the Economic System, the Ministry of Commerce, the Ministry of Metallurgical Industry, the State Administration of Commodity Prices, the Chinese Academy of Sciences, and the Chinese Academy of

Agricultural Sciences successively inspected some villages, factories, and rural industries in Shijiazhuang, Handan, and Hengshui from 10 through 16 June to conduct investigative studies on reforms in agriculture and rolled steel markets.

Over the past few days, Premier Li Peng visited a fine wheat strain experimental farm in Malancun Village in Xinji City, reclamation of sand and barren land site in Xinle County, a comprehensive project to improve saline-alkali soil in Quzhou County, and village and township enterprises in Jixian County. The premier also went deep into the field and visited farm households to listen to the peasants' opinions about the supply and prices of chemical fertilizers, diesel oil, electricity, pesticides, plastic sheets, and other farming materials.

Premier Li said: Grain production has always been a major issue in China's economic development. We are now confronted with an important task of adjusting the increase of grain output to the population growth. There is still much room for increasing the production from the land, and the potential lies in such projects as land reclamation in Xinle County, soil improvement in Quzhou County, and comprehensive projects in other localities. We must work hard and do solid work.

The premier stressed the importance of science and technology for stimulating agricultural development. He praised the teachers and students of Beijing Agriculture University for their efforts to improve saline-alkali soil in Quzhou County over the past 15 years, and spoke highly of the "ji wheat 26," a newly bred high-yield, drought-resistant wheat strain by scientists and technicians of the Shijiazhuang Prefectural Agricultural Science and Technology Institute. He said: We should try to attract more scientists and technicians to work in rural areas. In addition to rewards for those who render meritorious services, there should be a good basic mechanism to link the research results and efficiency of scientists and technicians with their remuneration. Their input should not be free of charge, but should be compensated for. Due to poor working conditions and inadequate remuneration, very few people are engaged in agricultural science and technology, and they cannot cope with the needs of China's 800 million peasants. Only by establishing a mechanism for compensating scientists and technicians for their input is it possible to attract more of them to work in rural areas. Their technical guidance is indispensable for introducing scientific research results from laboratories and experimental farms to the field.

Turning to the question of intensive agriculture managed on a fairly large scale, the premier said: Where conditions permit, that is, in places where surplus labor has been transferred from farming to industry, we should develop fairly large scale management of all types according to the actual condition of each locality. Newly

developed wasteland should be contracted by peasants through bidding and with compensation, and should be managed on a fairly large scale.

He said: It is necessary to reform the agricultural investment structure and to introduce a multichannel investment system to absorb input from central and local governments, collectives, and individuals and to encourage peasants to increase investment in agriculture. Fundamentally speaking, we should apply the law of value in guiding investment. We should also stress the investment returns of loans. The transformation of sand and barren land in Xinle County basically did not require state investment and was contracted by the peasants. Their experience is worth emulating.

Premier Li stressed: The shortage of water resources poses a serious problem to agricultural development in the Huabei Plain. Efforts should be made to breed drought-resistant crops and develop Chinese-style water conserving irrigation methods that require little investment.

The premier also visited the Shangan power plant, Shijiazhuang City rolled steel market, and Handan Iron and Steel General Plant, where he conducted investigative studies about the reform of the material procurement and marketing system and fund-raising for building power plants.

The Shangan power plant is an electric power station which has been built near the coal mines by Huaneng International Electricity Development Company and Hebei Province with funds raised at home and abroad. The first-stage construction has proceeded at a fairly fast pace, with two 350,000 kw coal firing generating units imported from U.S., Canadian, and Italian companies. After hearing briefings at the construction site, Premier Li Peng summarized the following five special characteristics in building the power plant: 1) It is built with funds raised at home and abroad; 2) it has utilized foreign capital and imported technology; 3) it has introduced a mechanism of competition through bidding for contracts; 4) it has been run according to the law of value and fluctuations in prices; and 5) its importation is aimed at increasing exportation. He said: As a result of reform, the construction pace of the power plant has been sped up. We should continue to popularize the experience of the Huangneng Company in raising funds and utilizing foreign capital.

After obtaining firsthand information about the Shijiazhuang City rolled steel market and other units, the premier said: By adjusting the surplus and shortages of different kinds of goods, the capital goods markets have ensured production, reduced the intermediate links, eliminated overstocked goods in enterprises, and weakened unhealthy tendencies, thereby achieving good social benefits [she hui xiao yi 4357 2585 2400 4135]. There is great potential in the capital goods markets' practice of delivering goods to consumer at a fixed place

and set time and in fixed amounts. As in agriculture, pre- and post-production services are very important to enterprises, especially the preproduction supply of raw materials. Good preproduction services can help alleviate the pressure on enterprises and solve the problem of overstocked goods. Of course, the current capital goods markets are not well developed and perfect. It is necessary to study the ways and means to expand the scope. If the handling fees can be reduced, the capital goods markets may attract more enterprises affiliated with ministries and the province, and thus become further developed and perfect.

After inquiring about price changes of rolled steel from factory prices to consumer retail prices, the premier said: It is necessary to further reform the procurement and marketing system of rolled steel and reduce the handling expenses in the intermediate links. Both central and provincial governments should conduct investigative studies on selected consumers in order to find the ratio between the current planned supply and market supply of rolled steel and to identify the intermediate links. These are the prerequisites for pricing reform for raw and semi-finished materials.

Premier Li Peng endorsed the practice of "self-deprivation and self-emancipation" by the leading cadres of the Shijiazhuang City party committee and the city government in developing the capital goods markets. He said: Leaders at all levels, from the State Council down to the bottom, should emulate the Shijiazhuang leading cadres' spirit in depriving themselves of the powers to wantonly approve projects. It is necessary to take time out for studying and making suggestions in order to transform the functions and eliminate unhealthy tendencies in the distribution of materials.

Handan Iron and Steel General Plant, founded and put into operation in 1958 mainly for steel smelting, has been developed into a medium-sized iron and steel joint enterprise today. Praising its contributions to the state, the premier said: China's iron and steel industry has begun to take shape. In developing the industry, we must adopt a correct policy. The introduction of the contract system has liberated the productivity of iron and steel enterprises. There is great potential in the technical transformation of iron and steel enterprises, which needs little investment and can yield quick results. It is necessary to import advanced technology and key equipment from abroad while giving full play to the forces at home. It is also necessary to intensify the management of and technologically upgrade small and medium-sized enterprises.

Xing Chongzhi, secretary of the Hebei provincial party committee, and Governor Yue Qifeng accompanied Li Peng and other comrades on their fact-finding tour.

Stresses Law of Value

OW1806064488 Beijing XINHUA in English
0615 GMT 18 Jun 88

[Text] Shijiazhuang, June 18 (XINHUA) — The law of value must play a stronger role in developing agriculture

in China, Chinese Premier Li Peng said during a recent inspection tour in Hebei Province.

The premier said investment in agriculture should not be left to the state alone but should have input from localities, collectives and individuals.

However, the law of value must be introduced to guide the investment and more attention must be paid to return on investment, he said.

Li inspected grain production and visited a steel market in Shijiazhuang, capital of the province, and an iron and steel general plant in Handan.

He praised the steel market for helping get supplies to where they are needed and thus ensuring production.

RENMIN RIBAO Cited on Party Corruption OW1706145288 Beijing XINHUA in English 1336 GMT 17 Jun 88

[Text] Beijing, June 17 (XINHUA) — The "PEOPLE'S DAILY" said today that if corruption within the Communist Party of China remains out of control it will endanger the reform and touch off disturbances in the country.

The party paper, however, warned people to prepare for a long-term struggle as corruption "is an inevitable accompaniment of social progress."

"But we should limit it as far as possible" and "no leniency should be allowed in dealing with corruption cases," it said, "otherwise it will not only harm the reform but will also lead to domestic disturbances."

The party paper attributed the root of corruption to the co-existence of a commodity economy in its primitive form and the old economic, political and cultural systems that are excessively centralized.

"This has created a major hotbed for corruption within the party," the daily pointed out.

In their pursuit of money, some social groups and individuals have tried their utmost to get "official permits", allowing those in power opportunities and conditions for obtaining personal interest at the expense of the state.

The paper called the lack of restrictive measures on the part of government organs another factor that leads to corruption.

Under the old system, restrictions operated through administrative orders and political education, which are no longer effective in the present situation of a semi-commodity economy.

In the sharp conflicts between old and new concepts, the supervision departments are often caught between right and wrong, finding it hard to make a decision.

The problem also lies in the cadres in these organs, who lack a deep understanding of the reform politically and economic knowledge professionally.

To change this state of affairs the paper called for further efforts to strengthen the supervisory role of public opinion.

Corruption can only be eliminated by mobilizing the strength of the entire society, it said.

Therefore, it is necessary to cast off the old practice of not making domestic shame public and take the advantage of various modern means of communication such as the press to provide effective channels for supervision by the people.

Some people fear that public criticism of corruption may stir up a rebellious sentiment among the masses, the paper said, adding, "but this is an erroneous view that underestimates the common sense of the people."

The best remedy for the time being, the daily said, is to transfer qualified cadres from economic departments to supervision departments so that supervision work can be intensified.

Corrupt Officials Face Government Crackdown
HK2006012688 Beijing CHINA DAILY in English
20 Jun 88 p 1

[By staff reporter Liu Dizhong]

[Text] Tough measures will be taken by the Chinese Government to strengthen supervision over its officials and employees at home and stationed in Hong Kong, Macao and foreign countries.

The set of Regulations on Administrative Punishment on Corruption and Bribery by State Functionaries has been drafted by the Ministry of Supervision and is expected to be promulgated in a few days after being approved by the State Council.

The new regulations, clearly stipulate stricter punishment for government employees working in Hong Kong and abroad who are guilty of bribery and corruption.

Other regulations are also under discussion to encourage foreigners and compatriots from Hong Kong, Macao and Taiwan to inform of problems in China's foreign economic relations and trade.

This was disclosed yesterday by Peng Jilong, a senior official of the Ministry of Supervision, in an interview with China Daily.

He said the new move was part of the State's effort to combat the increase in "negative and unhealthy phenomena" during the implementation of reform and open policy, such as corruption, bribery and leaking of confidential economic information to foreigners.

All this has caused tremendous economic losses to the State and deterioration in the reputation of the Party, he said.

But he ruled out the possibility predicted by some foreign observers that China will launch a new nationwide campaign to combat corruption, bribery and other unhealthy trends.

The problems cannot be resolved thoroughly by launching political campaigns or mass movements as China did in the 1950s and 1960, Peng said, adding that it was a long-term task for the country to fight against the various violations of administrative regulations and Party disciplines in economic activities with the outside world.

However, he said, a nationwide education drive will be conducted among government officials at home and abroad to promote a commendable work style based on honesty, hard work, plain living and the desire to serve the people loyally, energetically and conscientiously.

Peng attributed increasing corruption and bribery among government officials partly to excessive leniency towards offenders over the past few years. "This situation must be changed," he said.

The Ministry of Supervision, which was abolished in 1959 and restored last year, has since its restoration discovered more than 1,000 problems and suspicious clues in its examinations of 300,000 Sino-foreign business and trade contracts among 57 ministries and State commissions, involving a total of more than \$74 billion.

Peng said that more than 350 supervision departments above the city level have been established throughout the country, a rate of 100 per cent. Also, 97 per cent of the nation's 26,000 counties have set up supervision offices.

He said supervision offices at all levels welcomed letters and visits from foreigners, overseas Chinese and compatriots from Hong Kong, Macao and Taiwan. "This is an important way for us of finding out about the problems and offenders," he said.

The Ministry of Supervision has received a large number of accusing letters and visitors from overseas, reporting various offences by government employees in Hong Kong and abroad in foreign economic relations and trade.

Commentator Calls For Supporting Reform
HK1906070488 Beijing GUANGMING RIBAO
in Chinese 7 Jun 88 p 1

[Commentator's article: "Support Reform, Storm a Dangerous Pass"]

[Text] China's reform has scored remarkable results after 9 years' of hard struggle. To ensure further development of the reform on this basis we must go through a new trial, the crux of which is that we are required to introduce a price reform, organize social production, circulation, and consumption according to the law of value, and establish a new order of socialist commodity economy. What is linked with the price reform is the wage reform. These are the most knotty problems in the reform which will necessarily involve a certain degree of risk. In face of this grim situation, retreat is not a way out and hesitation will only make us miss the opportune time. The only way out is to forge ahead braving stormy waves, bringing China's economic operational mechanism onto the new track to suit the new structure, thus expediting the further development of social productivity. This is a major task closely related to the fate of the reform and the future of the country.

At this crucial moment, the Chinese intellectuals will certainly support the in-depth development of reform without hesitation, and the further development of reform also needs the intellectuals' support.

The practice of reform in the past has shown that the Chinese intellectuals have wholeheartedly endorsed reform, always given their full support to reform, and have made great contributions to reform. Both in the theoretical exploration and discussion on reform and in the practice of every stage of reform, intellectuals have stood in the forefront and devoted their wisdom and talents to the great cause of reform. The Chinese intellectuals' enthusiastic support for reform is due to some historical factors. From the Reform Movement of 1898 to the May 4th Movement, the Chinese intellectuals had been looking for the road to reform and reinvigoration of China. They had the chance to display their talents and strive for their goal only after the founding of the CPC. Under the party's leadership and the guidance of Marxism, they carried out arduous struggle along with all the Chinese people, and accomplished a fundamental reform of the Chinese social system, establishing a completely new socialist society. However, due to the hidebound system and the trammel of "Left" thinking, social development has been very slow in China. While the talents of many intellectuals were not brought into play and many proposals for national prosperity and the people's well-being put forth by intellectuals were not appreciated and accepted, many intellectuals were criticized, insulted, or even persecuted, and they suffered most bitterly during the "Cultural Revolution." The reform launched since the 3d Plenary Session of the 11th CPC Central Committee has shown intellectuals bright prospects. In light of historical facts and their personal

experience, the Chinese intellectuals have realized that the fate of this country and the people, as well as their own fate, rests on reform. So their enthusiasm for reform has burst out and they have thrown themselves into reform.

There is no doubt that reform has helped improve the Chinese intellectuals' situation in terms of political treatment, living conditions, and in other aspects, and it has brought about some real benefits. However, due to many factors and the restriction of some practical conditions, intellectuals are not fully satisfied in terms of real income. This question cannot be sidestepped. One of the conspicuous problems is the reverse ratio between pay for mental and physical labor. This has been a longstanding problem due to some complicated social causes and certain unreasonable factors relating to systems and policies. The central authorities have already attached great importance to this case, and all these problems should be solved step by step in reform. At present, the main problem that has not yet been thoroughly solved is that people still have not had a correct understanding on the role and value of knowledge and mental labor, the significance of respect for knowledge and talented people, and so on. In addition, the previous stage of reform still has not managed to completely eliminate the influence of egalitarianism on distribution, and appropriate regulatory mechanisms and means are still not available to cope with the unfair distribution of social interest and other problems. In consequence, the problem concerning the reverse ratio between pay for mental and physical labor has not been solved but aggravated. It is understandable that this problem has puzzled intellectuals or even aroused complaints and grievances among them. Generally speaking, our intellectuals have actually kept on their hard work although they have always complained about their difficult situation. This is the extremely cherishable quality of the Chinese intellectuals. The fundamental solution to this problem is to further carry out reform, establish a new structure of socialist commodity economy, and earnestly act according to the law of value. When competition of commodities is really reflected by the competition in terms of technology, knowledge, and qualified personnel, the problems concerning the reward to intellectuals, their social standing, and the way to bring their initiative into full play will all be readily solved. Of course, this will not be a spontaneous process. It must be completed through the updating of ideological conception and the adoption of appropriate measures and systems.

Whether in the interests of the country's fate or the intellectuals' own fate, the intellectuals should throw themselves into reform, and further support and take part in the next stage of reform. To sum up, the vast number of intellectuals must fulfill the following requirements:

—They should have an understanding of the profound significance of the next stage of reform and the difficulties, complicatedness, and risk that reform may involve,

enhance their capacity to stand the tests of reform, publicize and explain the reform among the masses of all strata and educate them, unite with all the Chinese people, strive hard with one heart and one mind, and storm all the dangerous and difficult passes at the next stage of reform.

—They should devote their knowledge, wisdom, and talents, and suggest means and ways for reform, throw themselves into reform, and take the initiative in presenting fresh experience for reform. And, in particular, intellectuals working on the theoretical front should continue their theoretical exploration of reform, conduct in-depth investigations, and provide the theoretical basis and feasible programs for the formulation of policies on reform.

—They should continue to work conscientiously at their own posts, and do their share to improve economic results, especially the economic results of industry, raise efficiency in all fields, improve and strengthen ideological and political work, promote development of the legal system, ensure social stability, and create a fine and stable social environment.

Of course, party organizations, governments, and decision-makers at all levels must on their part respect intellectuals' opinion, listen to intellectuals' appeals, and attach great importance and give full play to intellectuals' role as the mainstay in the reform. Only when the reform enjoys support by intellectuals, will we be able to increase all the Chinese people's confidence and mobilize them to bravely storm all dangerous passes and carry out the reform through to the last victory.

Institute Director Interviewed on Reform Problems
HK1906004488 Beijing RENMIN RIBAO
in Chinese 15 Jun 88 p 2

[Article by RENMIN RIBAO reporter Ai Feng (5337 0023): "Progress and Difficulties—an Interview With Chen Yiqi, Director of The State Economic Structural Reform Research Institute"]

[Text] From "Exultation" to "Mixed Feelings" [sub-head]

Reporter: Some people said that the reform in our country has moved from the stage of "exultation" to the stage of "mixed feelings with both joys and worries." In particular, some people now have more worries and feelings of pain, and they tend to be doubtful about the reform situation. There are in general a number of criteria for judging the situation: First, does production continue to develop? In the 10 years since reform began, the industrial and agricultural output value has been doubled. Second, has the people's livelihood improved? In general, the people's income has also been doubled. Third, have the industrial structure and the product structure become more reasonable? Yes. Fourth, is

reform developing in depth in the orientation stipulated by the plan? This is also true although there are a lot of twists and turns and controversies.

However, some comrades are still not satisfied with these answers. They said that this is too general and cannot explain the existing knotty problems which vex many people. They ask why did the reform bring about more and more difficulties and troubles as it developed in depth.

Chen Yiqi: In the analysis of the situation, I think that two points should be affirmed: First, the 10-year-long reform has made remarkable progress that attracts the world's attention; and second, we are indeed faced with some complicated and risky problems and difficulties. It is essential to correctly understand the relationship between these two points. We are faced with some urgent problems after making progress in our reforms.

The increase in vegetable and meat prices caused a great deal of grievances among urban residents. To a large degree, this reflects the fact that since the adoption of the responsibility system, the peasants have become independent commodity producers and have been handling their production according to the law of value. Isn't this an urgent problem after the reform made progress?

We overcame the idea of seeking a "pure" ownership structure, and allowed the individual and private economies to develop and encouraged foreign investors to run enterprises or enter into joint ventures in our country. This gave rise to different management and distribution systems and widened the gap between people's incomes. This also evoked various comments about social fairness in the public.

With the contract system being adopted in industrial and commercial enterprises, the interests of managers and workers are more closely linked with the business results of the enterprises. This also gave rise to stronger demands for fair and equal competition, and the unreasonable price structure became more prominent. When all enterprises were eating from the big pot of the state, who was concerned with such things? Isn't this also a problem appearing after the reform made progress?

The Reform in Our Country Has Entered a Mature Stage
[subhead]

Reporter: Some people said that when carrying out the reforms, we first did easy things and then dealt with difficult things. So we now have to "bite" the "tough bones."

Chen: This is not an all-sided viewpoint, and is too simplistic. Reform has to follow its own regularity. Some American scholars wrote a famous book entitled "Modernization in Japan and Russia," in which they divided the transition process from traditional society to modern society into three stages: naive stage, mature stage, and

accelerating stage. In the first stage, reformers made all sorts of painstaking exploratory efforts and accumulated reform experiences, but the situation of all-round development has not been created. In the mature stage, the socioeconomic, educational, personnel, and political structures, as well as culture and values, are moving onto the modern path. This is a protracted process of overcoming many problems and difficulties. Only after this will the stage of all-round accelerating development appear in the aspects of economic development, social progress, and values renewal.

Reporter: This indeed provides food for thought. Maybe, only from a partial or tactical point of view can a reform measure achieve immediate results; while from the overall and strategic point of view, we cannot expect that reform will be immediately fruitful and successful. Then, what stage is the reform in our country in?

Chen: I think that we have entered the mature stage, and the sign of the beginning of the mature stage was the 13th party congress. Before that, people put forth various viewpoints about reform and development, and at the 13th party congress, a systematical summing-up and a theoretical conclusion was made, and it was ascertained that our country is now in the initial stage of socialism. The party congress also put forth the basic line for this stage and the basic orientation and basic principles for the economic and political reforms.

Reporter: After entering the mature stage, is it right to think that our reforms have entered a stage of "storming fortifications" like in a war. We first fight small-scale battles and gradually strengthen our ranks. When the conditions are ripe, we will launch some decisive campaigns like the four major campaigns in the Liberation War. The victories of the decisive battles will then accelerate the all-round and thorough triumph.

Chen: We can understand things in this way.

Reporter: The recent meeting of the CPC Central Committee Political Bureau pointed out that the reform in our country has entered a crucial stage. Does this also include this meaning?

Chen: I think that this indeed includes the meaning of making great efforts to solve a number of tough problems in reform, and in this sense, this is to "storm fortifications." The price increase has caused a great deal of comments and complaints, but we cannot dodge the price reform. The price increase is merely a superficial phenomenon. There are in fact three major difficulties in the deep level of the economic reforms: First, no one is responsible for the increase in the value of the state-owned assets; second, a fund market should be included in the market system; and third, the government should exercise indirect management. The successful settlement of the price problem has to depend on the settlement of these difficulties. So this will also be a process of "storming fortifications."

By saying that our reform has entered a crucial stage, we also have another meaning: After reform starts in a socialist country, there will always be a longer or shorter "golden period." In this period, the long-restrained enthusiasm of the masses under the old system would burst out, and production would markedly increase. This situation also appeared in our country after the farm land was contracted to peasant households. When most people benefit, it is easier to start "storming the fortified points." Even though the interests of a small number of people may be affected, the entire reform will still meet with smaller obstacles. Some other socialist countries hesitated when facing the difficulties and let slip the "golden period." As a result, they encountered even greater difficulties in their reforms. We should prevent similar errors. In my view, our country is still in the "golden period" of the reform although the "golden period" may soon come to an end, so we cannot let slip this opportunity and delay the action of storming the fortified points.

Reporter: The difficulties that we are facing are in essence caused by the replacement of the old with the new.

Chen: Moreover, we have to change both the development pattern and the economic structure.

By changing the development pattern, we mean that our economic structure which only provides sufficient food and clothing for the people will be changed into an economic structure in which the people can live in a better-off condition; and the closed economic structure will be replaced with an open economic structure. The analysis of the changes in the economic structures of more than 100 countries shows that when the per capita national income is below \$2,500 in a country, the basic purpose of economic activities is to provide sufficient food, clothing, and other daily necessities for the people so as to ensure their livelihood; and when the per capita national income increases to somewhere between \$2,500 and \$3,000, the people can live in a comparatively well-off condition, and the old production structure will no longer meet the needs in economic diversification and should be substantially adjusted. In this stage, the gap between the rich and the poor is widened, and unstable factors increase in society and thus give rise to a series of new social problems. Our country is now at this stage.

By changing the economic structure, we mean that the old product economy is being replaced with the commodity economy, and the previous centralist political power structure is being changed into a democratic political structure.

The change of the development pattern and the change of the economic structure must be coordinated with each other, and this adds greater difficulties to the reform.

Reporter: The viewpoint of dual changes can be a key to observing the situation and understanding the difficulties in the reform. The structural changes are similar to moving flowers from small pots to big pots. After the flowers are moved, they may become droopy, because the flowers are still not used to the environment of the new pots. So, the superiority of the new pots is not apparent for a time, and the situation may be even more difficult than that before the change.

Chen: At this stage, we need to be more confident, patient, resolved, and careful.

Understand and Support Reform from the Position of the Overall Interests [subhead]

Reporter: Your talk greatly inspired me and made me feel that we should implement the central authorities instruction of "using reform to guide and coordinate the overall situation." To do this, we must first understand reform. We must not only "vertically" view the overall situation, but must also "horizontally" view the overall situation. To carry out reform, we must "storm the fortified points," and may encounter the following situations: Sometimes, we will have to sacrifice some partial interests for the sake of the overall interests. Some parts may gain benefit and grow, while other parts may suffer losses and shrink; it is hard to completely avoid the phenomenon of gaining less while doing more work or benefit being distributed according to "opportunities." People who obey the instructions may suffer losses, while people who take advantage of the loopholes may profit.... [ellipses as published] In all such circumstances, if all units and individuals only stress their own interests, then the overall adjustments will not be carried out, or compensations will have to be given in turn. As a result, the old structure and pattern will remain unchanged.

Chen: Therefore, we must emphasize concerted efforts and work in full cooperation so as to overcome the difficulties.

Traditional Culture Needs Change To Meet World
HK2006015088 Beijing CHINA DAILY in English
20 Jun 88 p 4

[By Fan Xiaoda]

[Text] Under the influence of ancient Chinese culture, the Chinese people have historically cultivated an inanimate and servile type of character which has to be remoulded to adjust itself to the competitive and challenging world trend.

Obviously, some intellectuals have realized that in the research on Chinese and foreign culture the emphasis must be laid on the improvement of Chinese qualities in order to bring out the strong points and counteract the weaknesses. For example, Friedrich Nietzsche's emphasis on human strength may be helpful for Chinese people in rehabilitating their character.

A heated discussion is going on in China now. Over the last few months, articles expressing this opinion have been published and a conference sponsored by China Culture Academy and Beijing Social Science Academy was held in Beijing. Different views, which may inspire some ideas constructive to the discussion, have been aired.

Confucianism, the pivot around which Chinese culture has developed, has a dominant influence on the Chinese people. On the whole, Confucianism is an ethical culture which ensures harmony between people and society and among mankind itself.

Chinese people, immersed in Confucianism for more than 20 centuries, have moulded some of its unique features into their character.

Morality, supreme in Confucianist thought, restrains Chinese people to a tremendous extent. The moral principles in Confucianism were formulated centuries ago and they prohibit people from having their own opinions on morality. Instead, people have to adapt themselves to the moral judgements of others no matter how ludicrous these may be.

As a result, the Chinese people are deprived of the right to improve their character and personality and their moral codes. Their opinions on morality have developed extremely slowly and many of these opinions are consequently outmoded.

Confucianists also emphasize the need for harmony and stability within clans and society. A man has to sacrifice his personal desires, even if reasonable, for the benefit of his clan and society. As a result, the man's personality and ego are impaired and finally diminished completely.

In Confucianist doctrine, officials, wives and children are required to be loyal and chaste and to show filial piety. They are expected to sacrifice themselves totally for the sake of being obedient.

Confucianists have never advocated the philosophical thinking of Immanuel Kant, who believes a person is not simply a means, but an ultimate aim, which, in other words, stresses the exclusive importance of personal improvement.

As time goes on, obedience still highlights the Chinese character. Lacking a sense of independence, Chinese people are willing to obey their parents and the authorities without hesitation or suspicion. They do not want to realize their ambitions or reassert their dignity.

As an ethical theory, Confucianism neglects the development of science and other aspects of philosophy, such as logic, which leads to a severe deterioration in the logical thinking ability of Chinese people. Analytical incompetence results in declining creative power.

As intellectuals re-evaluate Confucianism, we may hopefully anticipate a time when the disadvantages resulting from Confucianism are surmounted to foster a vigorous and prosperous nation.

But in their eagerness to reconstruct a sound character for the Chinese people, some intellectuals assume that the character they construct should be appropriate to the needs of society.

The danger here is that if a person is moulded as a tool of society he will be stripped of his ego and personality. People's characters will certainly be impaired if it is cultivated solely in accordance with social demands.

The reasonable criterion for the human character should be the successful development of a person. In other words, people's inner qualities should be brought out so they can develop fully and take up challenges of the world more successfully and pursue their happiness with ease.

Culture, society and character are the three main interacting factors for the success of a personal career and the modernizing progress of a nation.

People acquire knowledge, moral codes, customs and so on, which constitute the culture and thus their behaviour and character are determined. But the Chinese people must break away from their traditional culture to remould a new national character.

Personal qualities are also fostered by social systems. People cannot obtain a sense of democracy in a slave or feudal society. And a vigorous character can only emerge if the levelling-down equalitarianism in distribution is abolished. On the other hand, a modern society can come about only as a result of a well-cultivated social group.

A rigid social system will hinder the improvement of human qualities and a modern society will be impeded by a sagging national character.

Normally, culture, society and character develop at the same pace and are interdependent. However, under the influence of Western civilization, the disillusion felt by some Chinese people is now being seen. Unfortunately, these people are limited to a small group of intellectuals.

These intellectuals must appreciate the fact that the best way forward is to re-create Chinese culture, enhance personal qualities and improve the social system. Without these three factors, their efforts will be in vain.

National Forum Held on Counselor, Research Work

Yan Mingfu Discusses Group

OW1906132388 Beijing XINHUA Domestic Service
in Chinese 1318 GMT 14 Jun 88

[Text] Beijing, 14 Jun (XINHUA) — Yan Mingfu, member of the Secretariat and director of the United Front Work Department of the CPC Central Committee, spoke at a national forum on the work of counselors' offices and research institutes of culture and history. He said: People's governments at all levels should conscientiously strengthen their leadership over counselors' offices and research institutes of culture and history, truly place the work of these offices and institutes on their daily agenda, create favorable conditions to enable counselors and researchers to know more about government affairs and do more work, and give full play to their advisory and consultative role in government work.

He said: The counselors' offices and research institutes of culture and history were founded in the early years of the People's Republic under the direct attention and guidance of the party Central Committee, the Administrative Council, and Mao Zedong, Zhou Enlai, and other revolutionaries of the older generation. These offices and institutes have done a great deal of work and played an important role in uniting patriotic democrats, consolidating and developing the patriotic united front, helping the government study and revise relevant decrees and laws, publicizing government policies and decrees, reflecting the people's views and suggestions, conducting cultural and historical research, and creating literary and art works. They have also exerted a good influence on society.

Yan Mingfu pointed out: The counselors' offices and research institutes of culture and history are a bastion of the united front and their activities are a component part of united front work. In the last 3 decades and more, their work, as well as that of the united front as a whole, has gone through a tortuous course of development. In the new historical period, we must first understand the general situation regarding the united front at present and the overall strategic posture of the united front in order to understand the role the counselors' offices and research institutes of culture and history play. The first role of counselor's offices and research institutes of culture and history is that of expanding the patriotic united front. As an important component part of the patriotic united front, they should be staffed mainly with people from democratic parties, those without party membership, democrats who have returned to settle in China from Taiwan, Hong Kong, Macao and overseas, representative personnel from religious circles, and public figures with cultural and historical knowledge, specialties, and skills. To meet the needs of united front work and of reform under the new circumstances, the counselors' offices and research institutes of culture and history must, in addition to the aforesaid personnel, include among their staff some nonparty experts and

scholars who have stepped down from first-line work posts and can contribute to united front work and play a useful role in government and cultural work. These nonparty experts and scholars will enhance the vigor of the counselors' offices and research institutes of culture and history and help them in uniting more comprehensively with other nonparty personages in expanding and strengthening the patriotic united front. The next role of the counselors' offices and research institutes of culture and history is that of promoting socialist democracy. The fact that counselors' offices in government organs are staffed mainly by nonparty people and participate in and discuss government and political affairs reflects the cooperation that exists between our party and nonparty people. Counselors, coming from different quarters and having broad connections, can put forward useful views and suggestions to the government, promote mutual understanding and ties between the people's government and the people, and help the government prevent and overcome bureaucracy. The counselors can effectively play a consultative role and help government leaders in bringing about scientific and democratic policymaking because counselors' offices do not have fixed functional responsibilities and, while being detached, have both knowledge and experience. At the same time, research institutes of culture and history too can play a useful role in promoting socialist democracy, particularly in publicizing our national culture and promoting the building of spiritual civilization. The counselors' offices and research institutes of culture and history can also play a positive role, their third role, by carrying out united front work overseas and realizing the concept of "one country, two systems." Because of their special experience, prestige, and wide overseas connections, the counselors and researchers are more suitable for doing united front work abroad. They have played and will continue to play a positive role in international propaganda, promoting friendship with foreign countries, and promoting the "three links" [postal, trade, and air and shipping service links between the mainland and Taiwan].

He pointed out: The separation of party and government is an important reform of our party leadership system and a key to the reform of China's political structure, as well as an important guiding principle in the reform of the united front work department. At present, the separation of party and government in our country is designed to straighten out relations in economic management departments and eliminate overlapping in party and government departments. The united front department is not the major target of party-government separation, but we should also reform it. We should also apply the principle of separation of party and government in the leadership of counselors' offices and research institutes of culture and history. Counselors' offices are organs directly under the people's government, while research institutes of culture and history are honorary united front cultural organizations under the leadership of the people's government. Organizationally, they of course should accept the leadership of the people's

government of the corresponding level. According to the principle of separation of party and government functions, the people's governments at all levels should conscientiously strengthen their leadership over counselors' offices and research institutes of culture and history, truly place the work of those offices and institutes on their daily agenda, create favorable conditions for counselors and researchers to know more about government affairs and do more work, and give full play to their advisory and consultative role in government work.

The government should help counselors' offices and research institutes of culture and history improve themselves, form good leading bodies, ensure operational funds, and take good care of the livelihood of counselors and researchers. I wish to emphasize another point, namely, that united front work is one of the functions of government. In the early 1950's, the Administrative Council held the first meeting of secretaries general of provincial and city governments to discuss how to improve the united front work of government departments, and relevant decisions were made at the meeting. With the separation of party and government, the united front work of governments at all levels has become heavier. In fact, doing the work of counselors' offices and research institutes of culture and history is directly doing the government's united front work. The people's governments at all levels should conscientiously improve the work of counselors' offices and research institutes of culture and history in order to improve the government's united front work as a whole.

Yan Mingfu said: With the separation of party and government, leading comrades of united front work departments at all levels should give more thought to general and overall questions. In other words, they should study united front work in the broad context of reform, opening to the outside world, and socialist modernization. They must concentrate their energies on studying the theory, principles, and policies of united front work, and on supervising the implementation of these principles and policies. They must readjust their relations with members of democratic parties, nonparty intellectuals, and other nonparty people with a view to correctly handling social contradictions. They must understand the strategic posture of the united front in the initial stage of socialism to make good overall arrangements for placing representative nonparty personages. The United Front Work Department should not meddle too much in routine government work, because it is not in the forefront of administrative work. By doing so, it will be able to more effectively coordinate relations among all quarters, and concentrate more on studying and implementing principles and policies. With the separation of party and government, the united front work departments at all levels will surely be able to constantly improve the work of counselors' offices and research institutes of culture and history under the new circumstances, provided they and the governments at all levels make concerted efforts.

Counsellors Urged To Play Larger Role
OW1906065688 Beijing XINHUA in English
0602 GMT 19 Jun 88

[Text] Beijing, June 19 (XINHUA) — Government counsellors at various levels and personnel in the research of culture and history are urged to play greater role in the country's ongoing reform.

The call was made by Chen Junsheng, state councillor and secretary general of the State Council, at the closing meeting of the seminars respectively on the work of counsellors' offices and the research institutes of culture and history here today.

Before the meeting ended, Premier Li Peng and Vice-Premiers Yao Yilin and Tian Jiyun met with all the participants of the two seminars. Also present at the meeting were other party and government leaders Yan Mingfu, Zhou Gucheng, Chen Junsheng, Wang Renzhong and Gu Mu.

The counsellors' offices and the institutes on the research of culture and history should also be reformed, Chen Junsheng said. More specialists and economic, law and administrative experts should be invited into the counsellor's offices from among China's democratic parties, and the newly-invited should be younger, he noted.

Local governments should be good at bringing into full play of the role of the counsellors, creating favorable conditions for them to participate in the discussions of state affairs and to air their views on major state issues and those closely related to the interests of the public.

Counsellors' offices are a government institution characteristic of united front work and consultancy in nature. Such offices have been set up at the State Council, people's governments at the provincial level and the governments of big cities directly under provincial authorities.

The invitation of more senior intellectuals and professionals to be members of the research institutes of culture and history is a "must" to implement the policy on united front work of the Chinese Communist Party, the secretary general said. Research personnel in the institutes should be given free rein to their "advantage" in inheriting and carrying forward the good and traditional culture of the Chinese nation, Chen stated.

New Ministries Adjust Functions, Personnel
OW1906103088 Beijing XINHUA Domestic Service
in Chinese 0006 GMT 16 Jun 88

[By reporter He Ping]

[Excerpts] Beijing, 16 Jun (XINHUA) — A State Council source revealed: There are nine newly organized ministries and commissions based on the plan for the State Council's structural reform examined and

approved by the first session of the Seventh National People's Congress. These ministries and commissions have carried out their work smoothly in having their functions, and number of units and personnel, clarified. They are now vigorously organizing and building themselves as they go into operation. These new ministries and commissions are the State Planning Commission, and the Ministries of Personnel, Ministry of Labor, Materials, Energy Resources, Construction, Aeronautics and Astronautics, Water Resources, and of Machine-Building and Electronics.

A responsible comrade of the department concerned pointed out: To avoid taking the beaten track of "streamlining, swelling, restreamlining, and reswelling" in the course of carrying out structural reform, the new nine ministries and commissions have paid full attention to the key issue of introducing functional changes while carrying out reform. On the basis of the principle of separating government administration from enterprise management and of delegating decisionmaking powers to lower-level units, they have carefully analyzed their current functions. Functions which need to be strengthened are being strengthened; functions which need to be changed are being changed; functions which need to be delegated to lower-level units are being delegated; and functions which need to be abolished are being abolished. [passage omitted]

In carrying out reform, the Ministry of Machine-Building and Electronics has placed emphasis on its professional departments and bureaus. After analyzing its functions, the ministry has set up only a few professional departments to conduct basic research and strengthen weak links in production, including in the development of new technology and new products. [passage omitted]

The Ministry of Materials has been set up to do a good job in reforming the material supply system. This reform is aimed at curtailing mandatory plans while expanding guidance plans and market regulation and gradually establishing markets for means of production in various medium-sized and large cities under proper leadership. [passage omitted]

Energy resources are an important commodity for the state. They are also in short supply. Mandatory plans are being implemented to develop such resources. We must exercise the necessary direct control over such resources. Therefore, the Ministry of Energy Resources has adopted various temporary measures to deal with the various situations in the course of carrying out reform. [passage omitted]

As a result of the functional changes of these ministries, the number of offices and staff members has also been reduced. Statistics show that the number of staff members of the new ministries and commissions has been reduced by 30 percent. The Ministry of Machine-Building and Electronics now has 24 departments, 51

percent less than the 49 departments of the old Ministry of Electronic Industry and Ministry of Machine Building Industry from which it was created. The number of staff members working for the ministry is now 1,300, 42 percent less than the 2,256 staff members who originally worked for the two previous ministries. The Ministry of Energy Resources has 20 departments and bureaus, a reduction of 80 percent from the 97 departments and bureaus which had been in charge of energy resources. The number of staff members working for the new ministry is now 700, a reduction of about 80 percent from the 4,200 staff members who worked for the previous 97 departments and bureaus. The administrative personnel who lost their jobs due to the reduction-in-force will be transferred to various local units, companies, and associations to strengthen their organization.

Energy Ministry To Begin Functioning
OW1906085388 Beijing XINHUA in English
0624 GMT 19 Jun 88

[Text] Beijing, June 19 (XINHUA) — China's Energy Ministry, one of the new departments established in the government restructuring, has completed its work of organizing and will soon start its normal functioning.

The Energy Ministry, based on the four former Ministries of Coal, Oil, Nuclear and Water Resources and Electric Power that have been cancelled, is set up in accordance with the principle of separating governmental functions from that of enterprises. It has taken over the administrative functions of the four ministries, whose production and management are taken care of by the corporations established correspondingly.

The responsibilities of the Energy Ministry [word indistinct] be on the management of policies concerning energy industrial technology, development, production and consumption, long-term and annual energy production planning, supervision over and services to enterprises.

The new ministry has 20 departments, including those involving policy and regulations, comprehensive planning, capital construction, and production coordination. The number of these departments is nearly 80 percent less compared with that of the 97 of the former four ministries.

It is planned to have a staff of 700, and it now has 450 people, about 84 percent less than the total staff of the former four ministries. Most of the new ministry's staff are from the power industry, the rest are from the coal, nuclear and oil industries. With all the cadres preliminarily assigned, the ministry is expected to start its normal work.

Zhao Adviser Calls For Press Freedom
HK2006072988 Hong Kong SOUTH CHINA MORNING POST in English 20 Jun 88 p 9

[By Chris Yeung]

[Text] A close adviser to the Chinese Communist Party [CPP] chief, Mr Zhao Ziyang, said yesterday the recent

student demonstrations in China could have been avoided if there was press freedom on the mainland.

The director of the Institute of Political Science which comes under the Chinese Academy of Social Sciences, Mr Yan Jiaqi, said public grievances have not been fully replayed to the top Chinese leaders because the press was not free.

He urged top officials not to rely on the biased information prepared by their juniors.

Mr Yan was speaking to reporters after addressing a seminar on the political and economic modernisation of Chinese societies, organised by the Research Institute of Oriental Humanities at the Riverside Hotel in Sha Tin.

The three-day seminar was attended by leading Chinese scholars from overseas, Hong Kong and the mainland.

A vocal critic of the mainland political system, Mr Yan highlighted the significance of a free press in a democratic society.

"A free press can reflect the mass sentiments to the top leaders so that they can get a full picture of different views of the country.

"For instance, there were many different views carried in the big-character posters at Beijing University during the student demonstrations. But the synopses given to top leaders failed to reflect the different views.

"Often, the contents of the synopses are censored," he said.

In his address, Mr Yan said: "Democracy cannot ensure a decision is absolutely correct. It ensures an erroneous policy will be amended through a set procedure." The building of democratic politics in China should begin with the establishment of a democratic procedure within the ruling CCP, Mr Yan said.

State Council Circular on Project Construction
OW1906211588 Beijing XINHUA Domestic Service
in Chinese 1217 GMT 16 Jun 88

[Text] Beijing, 16 Jun (XINHUA) — The State Council today issued a circular to the ~~people's~~ governments of provinces, autonomous regions, and municipalities on straightening up the projects for office buildings, auditoriums, hotels, and institutions.

The circular states that in order to curb such construction, the State Council approved in March this year the "Circular on Straightening Up Projects for Office Buildings, Auditoriums, Hotels, and Institutions," published and issued by the State Planning Commission. At the routine meeting on 27 May, the State Council decided to

scrap or postpone the construction of a group of such projects in the capital. Beijing Municipality has taken the first step in this direction.

In order to fulfill and properly carry out this mission, the State Council's circular requires that:

1. All localities must recognize the significance of straightening up projects for office buildings, auditoriums, hotels, and institutions, and place this task on their agenda. Provincial governors, autonomous regional chairmen, and municipal mayors must personally take up the matter to ensure its success.

2. Projects under construction, being prepared for construction, and planned for construction (including tourist hotels and similar projects mentioned hereafter) must be comprehensively and earnestly straightened up. Each project must be separately discussed, and must not be passed over. We must insist on canceling some, and must postpone others. Projects that have been canceled must be taken off the list, while those that have been postponed can remain on the project list, but they must not be carried out during the Seventh 5-Year Plan. Projects that have been ascertained to be necessary after checking must be completed as soon as possible so as to yield economic returns at the earliest possible date. Projects that have resorted to deception or involved serious violations of discipline may be confiscated by the respective local governments and dealt with separately. Projects that have been canceled, postponed or confiscated must have their names, approving authorities, and surface areas announced in provincial-level newspapers. They must be subjected to the people's supervision, and any verdict or action in this respect must be specified in writing to the State Planning Commission. RENMIN RIBAO will then use its discretion to publish them accordingly.

3. From now on, all outlays for projects involving office buildings, auditoriums, hotels, and institutions must first be deposited at construction banks regardless of their funding sources, and are subject to supervision. They must not be deposited in any other bank.

4. In the future, the examination and approval for such projects must be made in accordance with the procedures for capital construction. Leaders at the various levels will no longer be allowed to approve projects individually.

Political Cadres Move to New Jobs, Retire
OW1806133588 Beijing XINHUA in English
0649 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)—Ten thousand political cadres in industries in Tianjin have been moved to new jobs in the wake of the party's call for a separation of party and management functions, the "PEOPLE'S DAILY" reported today.

Political and ideological work is now serving production under the guidance of factory boss rather than under party secretary as was the case before, the paper said.

The paper said some of the cadres have been kept in their posts in charge [word indistinct] and political and ideological work while others have been transferred to administrative organizations.

Some have been given both managerial and party responsibilities and others have retired because of old age or poor health.

Immediate Medical Service Reform Urged
OW1806120388 Beijing XINHUA in English
0630 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)—China's free medical service should be reformed immediately since the costs are exceeding the budget each year, the "GUANGMING DAILY", China's leading newspaper for intellectuals, said today.

Free medical service was put into practice in 1952 and covered four million people. By the end of 1986 more than 23 million were covered and the annual cost was 1.9 billion yuan.

Cost-overruns have been a serious problem. Guangdong Province, for example, spent 10 million yuan more than its 15 million yuan budget would allow in 1985.

The paper said wanton overuse of the service is to blame. People covered can get all the medicine they need not only for themselves but for all members of their families.

There have been other forms of abuse, too. A doctor from a hospital at Qixian County of Sichuan Province once prescribed medicine worth 1,200 yuan in the name of a dead person.

Since the medicines are free, waste is high, the paper said and noted large quantities end up in rubbish bins.

The paper said the State Council has commissioned a research group to look into reforming the service.

"Whatever form of medical service China will take, it must coordinate the interests of state, medical institutions and individuals, and to guarantee thrift and avoid waste," the leader of the group said.

Exchange Programs To Feature Professionals
OW1806043588 Beijing XINHUA in English
0156 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)—The China Association for International Personnel Exchange plans to dispatch about 1,000 upper-level professionals to foreign countries as part of this year's personnel exchange programs.

"The association has been promoting not only the exchange of technicians and managers, but also swapping top notch professionals," said Luo Xiujing, head of association's training department.

According to Luo, each year about 2,000 foreign professionals come to China, while China sends about 3,000 to work abroad in places like the United States, Japan, the Federal Republic of Germany, and the region of Hong Kong. Most of those sent abroad are policymakers in their respective enterprises or professionals involved in policymaking, Luo said, adding their participation in this kind of exchange is a form of direct Sino-foreign cooperation and trade.

During their stay in foreign countries, some Chinese factory heads or high-level professionals sign contracts with foreign counterparts for production projects in China or join forces to open market channels.

Workers at the U.S.-based Seabeng Machinery Factory were trained by technicians from China's Bengbu Machinery Factory in 1987, and thanks to the help of these Chinese professionals, Seabeng has since been involved in technological cooperation and trade with China.

Seabeng's computers installed on Chinese-made machines are selling well in the United States, and trade proceeds have already hit 1 million U.S. dollars.

Policymakers from foreign enterprises, while offering assistance to China, get a better understanding of China's enterprises and market situation, and can also play an important role in expanding trade, Luo added.

Founded in November, 1985, the association's goal is to promote personnel exchange and professional cooperation between Chinese and foreign colleagues in industry, agriculture, commerce, finance, science and technology, education, medicine and culture.

Yao Yilin, Yan Mingfu at Association Meeting
OW1906215088 Beijing XINHUA Domestic Service
in Chinese 1108 GMT 16 Jun 88

[By reporters Zheng Qingdong and Zhang Yanping]

[Text] Beijing, 16 Jun (XINHUA)—The Fifth National Congress of the China Democratic National Construction Association, which is composed of both people and experts and scholars in the economic circles, opened in Beijing today.

Yao Yilin, member of the Standing Committee of the CPC Central Committee Political Bureau, attended the meeting to extend his congratulations. At the request of the CPC Central Committee, Yan Mingfu, member of the Secretariat and head of the United Front Department of the CPC Central Committee, read the greetings message of the CPC Central Committee.

On behalf of various other democratic parties, Ye Duyi, vice chairman of the China Democratic League; and Rong Yiren, chairman of the All-China Federation of Industry and Commerce read their greetings messages at the meeting.

Sun Qimeng, chairman of the China Democratic National Construction Association Central Committee, chaired the opening ceremony. On behalf of the Fourth China Democratic National Construction Association Central Committee, he made a report entitled "Build Up the Association, Bring Its Functions of a Political Party Into Play, and Work Hard in Unity To Achieve Its General Task at the Present Stage." He said: In terms of operational and organizational performance, the association has achieved remarkable development during the past 5 years. Association organizations at all levels and their members have become more enthusiastic and eager to get involved in state affairs, actively bringing into play their political consultative and democratic supervisory functions. During the 5-year period, the association has achieved remarkable results in serving social and economic construction. According to incomplete statistics, association organs, working in coordination with the All-China Federation of Industry and Commerce, have provided various commercial enterprises over 15,000 consultations which have generated economic benefits as high as 1.2 billion yuan. Certain projects are part of the state's "spark program" and aid-the-poor programs. Local association organs have sponsored 152 schools of higher and secondary education, polytechnic schools, and spare time schools, as well as 6,542 short-term occupational and technical training classes, and have thus established a initial network providing people all kinds of business, occupational, and technical training, as well as adult education. Some 1.3 million people [ren ci 0086 2945] have attended these classes.

Sun Qimeng said: During the last 5 years, the China Democratic National Construction Association has intensified its liaison with countrymen in Hong Kong, Macao, and Taiwan, and Overseas Chinese. During the last 3 years, the association and the All-China Federation of Industry and Commerce have received as many as 30,000 visitors, most of whom are relatives and friends in business circles. Ever since the open policy was adopted, these two groups have provided active assistance in bringing in proficient personnel, capital, and advanced technology and equipment. The volume of business has exceeded \$1.96 billion.

He said: Because of its substantial expansion over the past few years, the association has undergone significant organizational changes. By the end of 1987, its membership had already reached 41,744, and its members' average age had dropped from 62.2 to 59. The members' educational level is also higher. With more members who are middle-aged intellectuals, association organs have become more vital. Presently, the association has 231 local chapters and 2,414 grass-roots organs.

In conclusion, Sun Qimeng pointed out in his report that in consideration of the actualities of the association and the initial stage of socialism, the association's general task at the present stage is: Hold high the banners of patriotism and socialism, bring into play the China Democratic National Construction Association's historical characteristics and functions of a political party, uphold the basic lines of the initial stage of socialism and its guiding principles, and strive to build China into a prosperous, strong, democratic, and civilized socialist modern country. He said: The Chinese people are now at a stage of great changes—a stage where they are gradually shaking off poverty and backwardness and heading toward prosperity and progress. This is the critical stage where reforms and hopes coexist with obstacles and hardship. Under the CPC leadership, association members are duty-bound to carry forward the tradition of standing together through thick and thin and sharing honor and disgrace, join the whole nation in carrying out reforms, accept any challenge, perform their duties honestly, work hard, and strive for national rejuvenation.

At the request of the China Democratic National Construction Association Charter Revision Committee, association Vice Chairman Tang Yuanbing explained the "Draft Revised Version of the Charter of the China Democratic National Construction Association."

Present at the opening ceremony to extend their warm greetings were Wang Hanbin, Wang Renzhong, and other leading members of the CPC Central Committee, the NPC Standing Committee, the State Council, the CPPCC National Committee, the United Front Department of the CPC Central Committee, the State Nationalities Affairs Commission, all democratic parties, and relevant departments and mass organizations.

Sitting on the rostrum today were Hu Ziang, Sun Xiaocun, Pu Jiexiu, Chen Suiheng, Wu Zhichao, Wan Guoquan, Chen Mingshan, Feng Tiyun, and Huang Daneng, executive chairmen of the presidium of the congress.

Launching of Satellite for Asiasat Consortium
GW1706223488 Beijing XINHUA in English
1413 GMT 17 Jun 88

[Text] Beijing, June 17 (XINHUA)—China's Great Wall Industrial Corporation signed an agreement here today with Asiasat Consortium to launch a telecommunications satellite by the end of 1989.

The satellite, called Asiasat-I, will be put into orbit by the Long March III launch vehicle and will provide domestic satellite service—both telecommunications and TV transmissions—for countries in the Asian region.

According to a spokesman from Great Wall, Asiasat-I was purchased from the Hughes Aircraft Corporation of the United States. The satellite weighs about 1.5 tons.

With 24 transponders, the satellite is capable of providing services to a number of Asian countries. The launching will take place at the Xichang Satellite Launching Center in western China late next year.

"It is a tribute to the recent advances in China's space industry that the Long March III launch program offers the best, most cost-effective solution to our requirements available today," said Peter J. Cott, chief executive officer of Asiasat.

The Asiasat Consortium is jointly run by China's Citic Technology Inc., Cable and Wireless PLC [Private Limited Company] of Britain—the parent company of Hong Kong Telecommunications Ltd—and Hutchison Telecommunications Ltd of Hong Kong.

Further on Launch Plans
HK1806090388 Beijing CHINA DAILY in English
18 Jun 88 p 2

[By staff reporter Xu Yuanchao and Qi Hongmin]

[Text] The China Great Wall Industry Corporation (CGWIC) has signed a \$100,000 agreement to rent launching space for a telecommunications satellite capable of providing services to Asian countries.

CGWIC signed the agreement in Beijing yesterday with AsiaSat—a Hong Kong-based consortium formed by the Cable and Wireless Plc of British, Citic Technology Inc, a subsidiary of the China International Trust and Investment Corporation, and Hutchison Telecommunications Ltd of Hong Kong.

AsiaSat-I, worth at least \$20 million, will be the first commercial communications satellite to be put into orbit by the Long March III rocket. The satellite, previously known as Westar VI, was bought from the Hughes Aircraft Corporation of the United States. The 1.3-ton satellite was sent into space in 1984 but did not enter correct orbit and was recovered by a space shuttle, officials said.

Peter Cott, AsiaSat's chief executive officer, said yesterday that the coverage area of the satellite, which is scheduled to be launched late next year, will be all of Asia.

"We will be very happy to supply domestic telecommunications to all countries who come to us for their communications requirements.

"To improve communications in this part of the world is to start the improvement of their economic benefits and industrial life," he said.

"We have chosen CGWIC because we believe they have reliable products and can launch at the time we want. Their quality is extremely good, as is everything in comparison with launching in the West," Cott said.

U Keli, CGWIC vice-president, said the satellite will have 24 transponder slots available for rent to Southeast Asian countries at a cost ranging from \$500,000 to \$1.5 million each.

He also said China is negotiating with Brazil for a jointly invested project for a remote sensing satellite. A former contract is expected to be drawn up next month.

"If things go well, the satellite will be launched in early 1990," he said. The operation of the satellite will be helpful in investigation, development, surveys and administration for agriculture, forestry, geography, hydrology and the environment in both countries.

Over the past few years, he said, China's space technology has developed rapidly. Technical cooperation between China and other countries in this field has made "remarkable progress."

Since Chinese-made retrievable satellites went on the world market, their safety record and 100 per cent recovery rate have attracted close attention from foreign.

Up to now, about 10 companies from the U.S. Australia, West Germany, Switzerland and France have asked to rent space on the return satellites.

He disclosed that a project for manufacture of carrier rockets with a large capacity was approved early this month. Such rockets will be put into use for commercial purposes by 1991. Chinese scientists will also make efforts to improve facilities at launch-sites in western China.

He said the carrying capacity of the rockets will rise from the present 1.4 tons to 8.5 tons for stationary orbit, creating a better condition for China's space industry to catch up with the advanced countries.

But he said a lack of funds and an incomplete legal system may slow the development of China's space industry.

He said reports from Western countries describing China's launch serve as "highly subsidized by the State," "dumping at low prices" and "a real threat to free world launchers" are groundless.

He said the low cost of raw materials and cheaper labour in China are the reasons for the low prices for Chinese-made satellites and rockets.

PLA Official Praises Civilian-Post System
OW1806052288 Beijing XINHUA in English
0038 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)—"The recent establishment of the civilian-post system is considered a move of far-reaching significance in modernizing the Chinese armed forces," said a senior officer of the Chinese People's Liberation Army (PLA) here today.

The civilian post-system enables non-combat personnel such as bandsmen, teachers, technicians, etc., to continue their service past the normal retirement age by forfeiting their military ranks.

The officer, from the General Political Department of the PLA, said that the system has helped to maintain the backbone of professionals in the PLA, reduce the number of military officers and keep down the age of officers.

He said that a large number of professionals are needed in modernizing and regularizing the Chinese armed forces. The professionals have to spend a long time in acquiring professional knowledge, so the new system allows them to serve longer in the armed forces than the ordinary military officers.

The officer said that the new system brings about a proper proportion between officers and soldiers. The non-combat officer can serve longer, and this will reduce the number of retired officers and lighten the burden on the local governments when new jobs have to be found for them.

The officer said that the non-combat personnel will continue their service without military ranks. They fall into two categories: one covers professionals engaged in scientific research, engineering work, medical services, teaching, publications, literature and arts, and sports; the other category involves administrative personnel in charge of rear-services in various institutions, military academies and hospitals.

The officer said that those continuing in "civilian" posts in the Army after retirement age will have much the same obligations as military officers and enjoy the same political rights and privileges.

Hong Kong Paper Profiles PRC Naval Leaders
HK1806023088 Hong Kong KUANG CHIAO CHING
in Chinese No 189, 16 Jun 88 pp 24-27

[Article by Liu Kuo-ho (0491 0948 0735): "A General Review of the CPC High-Ranking Naval Officers"]

[Text] An Overall Change in the Leading Stratum [sub-head]

The Chinese Navy has been particularly active over the past year. It has carried out an overall adjustment of its leading levels.

This magazine gave profound and detailed coverage in March to the deeds of newly appointed Chinese Naval Commander Zhang Liangzhong. However, as to other deputy commanders and their deeds, foreign press circles do not know much about this. Even experienced personages engaged in the study of the China problem know nothing about it.

A Group of Important Generals Unfamiliar to Foreign Countries [subhead]

At the request of some readers who are concerned about the latest development in China, the writer will provide brief accounts of some important top-level generals of the Chinese navy.

The present naval commander is Zhang Lianzhong and the four deputy commanders are Li Jing, Zhang Xusan, Xing Yongning, and Chen Mingshan. The present naval political commissar is Li Yauwen and the deputy political commissar is Wei Jinshan.

Xing Yongning Joined the CPC at the Age of 13 [subhead]

Xing Yongning was born in 1924. He was a native of Ningxiang county in Shanxi Province. He joined the CPC in 1937 at the age of 13 when the war of resistance against Japanese aggression just broke out. He joined the Chinese Eighth Route Army in Shanxi in 1938. He was messenger of the northeastern Shanxi district party committee, leader of the fifth classified material group of the second district of the Shanxi-Chahaer-Hebei region, and chief of the classified material section of the second squadron.

Shifting From the Air Force to the Navy [subhead]

After the CPC founded its regime in Beijing in October 1949, Xing Yongning assumed the posts of deputy chief of the classified material section of the Air Force headquarters, political commissar of an aviation school of the Air Force, chief of the military affairs department of the Air Force headquarters, deputy chief of staff of the Air Force, deputy political commissar of the Air Force under the Wuhan Military Region, political commissar of the classified material bureau of the PLA General Staff Headquarters, and chief of its military affairs department. He took up the post of political commissar of an air unit of the Navy in 1985. In February 1988, he was appointed deputy commander of the Chinese Navy.

Deputy Naval Commander Zhang Xusan Graduated From a Soviet Military Academy [subhead]

Zhang Xusan was born in 1929 and was a native of Rongcheng County in Shandong Province. He joined the CPC in 1945.

He joined the Chinese PLA in 1947 and was political instructor of a company under the Jiaodong Military Region.

After graduation from a senior technical school of the Soviet Navy in 1954, Zhang Xusan was appointed captain of a Chinese naval vessel, chief of staff of a naval base, deputy chief of staff of the Navy, and president of the naval academy. He is now deputy commander of the Chinese Navy.

Chen Mingshan Is Newly Appointed Deputy Commander of the Chinese Navy [subhead]

Chen Mingshan was born in 1931 and was a native of Yuanping county in Shanxi Province. He joined the Eighth Route Army in 1946 and the CPC in 1949.

Chen Mingshan was chief of the guard force of the Central Military Commission office. After graduation from the No. 3 naval school in 1956, he was appointed political instructor of a naval vessel group, chief of staff of a naval squadron, captain of the squadron, and head of a naval branch. In 1979, he was granted the opportunity to pursue higher studies. After graduation from a PLA military academy, he took up the posts of deputy chief of staff of the Donghai fleet headquarters and deputy commander of the fleet.

Chen Mingshan was appointed commander the Donghai fleet in 1985. In February 1988, he assumed the post of Chinese deputy naval commander.

Li Jing Is Concurrently Air Unit Commander [subhead]

Li Jing was born in 1930 and was a native of Tengxian County in Shandong Province. He joined the PLA in 1946 and the CPC in 1949. He graduated from an aviation school of the Chinese Navy in 1952. Subsequently, he was appointed chief of a flying squadron, head of a flying group, deputy divisional commander, divisional commander, deputy chief of staff of the Navy, deputy commander of the air unit headquarters of the Navy, deputy naval commander, and concurrently commander of an air unit.

Li Yaowen Is the Most Qualified General in the Navy [subhead]

Li Yaowen is political commissar of the Chinese Navy.

He was born in 1918 and was a native of Rongcheng County in Shandong Province. When the Lugouqiao [Marco Polo] bridge incident broke out on 7 July 1937, which triggered off the war of resistance against Japanese aggression, Li Yaowen joined the CPC. In the long years of struggle, he was appointed political commissar of an

Eighth Route Army regiment, brigade political commissar, acting secretary of a local CPC committee, political departmental director of the east China field army, and political commissar of the eighth regiment of the No. 3 field army.

In November 1950, Li Yaowen led an army unit to Korea to join the Korean war. During the Korean war, he was political commissar of the Chinese People's Volunteers. In the winter of 1950, he took part in the Chang Chin lake battle during the Korean war and led the 26th Army in an attack to check some U.S. troops' offensive in the "iron triangle". He performed outstanding military exploits. He led the 26th Army back to China in 1952. In 1955, he was appointed deputy director of the political department of the Jinan Military Region (the then commander was Wang Xinting and political commissar was Shu Tong).

Li Yaowen was promoted to director of that political department in 1958 (the then commander was Tan Qilong and second political commissar was Wang Jianan). After graduation from a higher learning military academy of the PLA in 1963, he was appointed deputy political commissar of the Jinan Military Region. The rebels seized power during the "Cultural Revolution" in 1967. Wang Xiaoyi replaced Tang Qilong and became first political commissar of the Jinan Military Region. Li Yaowen was not overthrown and still held the post of deputy political commissar. He was also member of the Shandong Provincial Revolutionary Committee. Subsequently, he was appointed vice foreign affairs minister of the PRC, ambassador to Tanzania, ambassador to Madagascar, and political commissar of the National Defense Science and Technology Commission.

Li Yaowen was conferred the rank of major general in 1955. He can be considered the most qualified general among the Chinese servicemen. He was alternate member of the 11th CPC Central Committee and member of the 12th CPC Central Committee.

Is it True That Wei Jinshan Will Be Promoted? [sub-head]

Li Yaowen's assistant is Wei Jinshan

Wei Jinshan is now deputy political commissar of the Chinese Navy.

He was born in 1927 and was a native of Penglai County in Shandong Province. He joined the PLA in 1945 and the CPC in 1946. He was appointed political instructor, adviser for the operation and education section of a divisional headquarters, deputy section chief, section chief, secretary of the Nanjing Military Region office, regimental commander, divisional deputy political commissar, divisional political commissar, army-level deputy political commissar, army-level political commissar,

director of the political department of the Nanjing Military Region, and director of the political department of the PLA General Staff Headquarters.

Wei Jinshan was member of the 12th CPC Central Committee and is also member of the 13th CPC Central Committee.

Chen Muhua on Bank of China's Capital Expansion
OW1906020988 Beijing XINHUA in English
0153 GMT 19 Jun 88

[Text] Beijing, June 19 (XINHUA) — The Bank of China will double its capital to 10 billion yuan, according to today's "CHINA DAILY".

Chen Muhua, honorary chairman of the bank, is quoted as saying that the purpose is to strengthen its status at home and abroad as the country's largest foreign currency bank.

The bank's total capital reached five billion yuan by the end of last year, and its total assets came to 441.986 billion yuan in the same period.

During its 76-year history, the Bank of China has established a high reputation both in China and overseas as a large international bank. The Chinese Government treasures its prestige, and will continue to support the bank, Chen said.

Chen was elected vice-chairman of the Standing Committee of the National People's Congress (NPC) — China's supreme legislative body — in April.

Asked whether the bank's status will be affected by the involvement of other banks and trust and investment corporations in foreign currency business, Chen said the situation should be looked at in an overall way.

"The monopoly of foreign currency business by a bank should be broken, and competition must be introduced to widen the channels for raising foreign financing. This is the demand of China's open policy and economic development.

"Meanwhile, the foreign currency business of other financial institutions is still quite limited compared with the Bank of China. Hence, the bank's status as China's largest bank specializing in foreign currency transactions will remain unchanged," she said.

With regard to the issuance of bonds on the international market, Chen said the Bank of China is, and will continue to be, the major channel for raising foreign capital even though other financial institutions are also allowed to do so.

New Plan for Price, Wage Reforms Studied
HK2006025688 Hong Kong MING PAO in Chinese
20 Jun 88 p 6

[Report: "State Council Will Draw Up by Yearend a 5-Year Plan for Wage and Price Reforms"]

[Text] The State Commission for Restructuring of the Economic System of the State Council is studying a 5-year plan for restructuring the price and wage systems. It is expected that the plan will be drawn up by the end of this year and discussed by the people of the whole country.

This was disclosed by Professor Hu Daiguang, President of the Economic Institute under Beijing University, at a seminar held yesterday at Hong Kong University. The aforementioned "5-year plan" will suggest a nation-wide relaxation in price controls, an increase of bank deposits and loans, and a wage increase for intellectuals, public servants and teaching and administrative staff. With regard to the wage system, the traditional principle of "to each according to work" will be broken down and the new wage system will include such elements as business performance, the amount of assets and the degree of risk-bearing. The plan will also define that the increase rate of wages must be higher than the rate of inflation.

In his speech entitled "The New Trends and Situation of China's Economic Structural Reform and His Views on the Issue," Professor Hu Daiguang said yesterday that so far China has carried out reforms for 9 years and the factors for the appearance of a violent fluctuation in prices today are very complex. The most important factor is the irrational price relations. He believes that reform of the price system is inevitable and that the reform will be linked to reform of the wage system and the deep-going reform of the enterprise contract system.

He noted: The failure to bring the price relations into better balance has imposed a serious financial burden on the state so that funds cannot be appropriately used in economic construction. Between 1979 and 1987, the government had paid a total of more than 200 billion yuan for price subsidy. For this reason, the aforementioned "5-year plan" will suggest an all-round relaxation in price controls in a bid to lighten the state financial burden.

In banking, the "plan" will propose an increase of bank deposits and loans. He pointed out: Low interest rates have made people unwilling to deposit their savings in banks but led to a craze for consumption, a speedy increase of loans and a lean state exchequer.

On wages, the "plan" will introduce such elements as "business performance, the amount of assets and the degree of risk-bearing," break with the rigid wage uniformity in different regions and trades, and practice wage differences in different regions and trades. In addition, it will propose to raise salaries of intellectuals,

public servants and teaching and administrative staff so as to raise the position of mental workers and keep public servants away from corruption. It will also adopt new tax regulations to readjust a big disparity in wages. Meanwhile, the "plan" will suggest that the increase rate of wages be higher than the rate of inflation but lower than the growth rate of productive forces in an effort to protect the state financial accumulation.

Hu Daiguang continued: The aforesaid "plan" aims at bringing the price relations into better balance and rationalizing the wage system so as to provide a better environment for the development of the commodity economy. He pointed out: Developing the commodity economy is the only way that China's economic reform will be able to advance toward final success. He also revealed that in addition to the "5-year plan," a number of economic laws, including a law on distinguishing legal and illegal incomes, will also be drafted in an effort to control commodity prices and wages by laws, not by administrative interference.

Commentator Says Let Masses Resolve Price Reform
HK2006101888 Beijing GONGREN RIBAO
in Chinese 5 Jun 88 p 1

[Commentator's article: "Put the Problems in the Hands of the People"]

[Text] China's reform has now entered a crucial period. Further development of reform has led to some difficult and unavoidable problems such as the problem of irrational price and wage systems. This is an unavoidable problem in the course of reform. How can we solve this problem resolutely and appropriately and tide over this difficulty? Our answer is: Put the problems in the hands of the people. Price and wage systems are very difficult and unavoidable problems for all socialist countries in their reforms. To develop a socialist commodity economy and act in accordance with the law of value, it is necessary to have a rational price system. Otherwise, all this will only be empty talk. If we try to evade difficulties and contradictions in current reforms and leave the problems to be solved a few years later, we may lose the time and the problems may become even more difficult. Both international experiences and our internal practice show that difficulties will become greater and greater if we do not solve them in good time. At present, if we do not make efforts to solve the problems of commodity prices and wages, we will find it difficult to make further advances in our reforms and we may even have all that has been achieved spoiled. Of course, in reform of the price and wage systems, we must make an overall consideration and work out a systematic plan. However, this plan cannot be worked out by several experts who are staying in their studies beatings their brains or by several leaders who are thinking long and hard in their offices. "From the masses, to the masses" has always been a correct work method of our party. The report at the 13th CPC National Congress pointed out: "Only when the leading bodies at all levels listen attentively to the views

of the masses can they gear their work to actual conditions and avoid mistakes. And only when they let the people know what they are doing and what difficulties they face can they secure the people's understanding." When many problems, which make the leaders "unable to eat and sleep well," are put in the hands of the people, they can be easily solved. Reform of the price and wage systems are very sensitive and complicated. They play an important part in the overall situation of the national economy and touch upon the immediate interests of every social member. Whether or not they will be carried out successfully depends to a large extent on whether they can reflect the will of the people and supported and accepted by the masses of people. Without the wholehearted support and active participation of the broad masses of people, they cannot be carried out successfully. This has already been proved by the practice of reform over the past few years. In some areas, when readjustments were made for some commodity prices, as the masses did not have a sufficient understanding of relevant policies and measures, there appeared some phenomena such as panic purchasing, fraudulent purchasing, and complaining. This had nothing to do with the psychological endurance capacity of the masses but was because that those policies were not transparent enough to be understood and accepted by the broad masses of people. Since the purpose of reform is to benefit the people and the reforms of the price and wage systems have a direct bearing on the daily life of all urban and rural residents, it is more necessary to let the people understand the situation and discuss major problems. Provided we really develop a democratic style of work, all difficulties will surely be overcome. In this respect, some key problems are, to make government affairs open to public, to respect the people's right to know the situation, and to put the problems in the hands of the people. It is an inevitable trend that commodity prices will continue to rise in the next few years, and they may even rise by a considerably big margin. Thus, a series of questions have arisen, such as: What will be the limit for the endurance capacity of the masses? How many years do we need in order to rationalize the price system? What will be the suitable rate for the price increase every year? How will reform of the corresponding wage system be carried out? How can we avoid unfair distribution while breaking with egalitarianism?... Policy decisions on all these major issues should be made transparent. The government should explain the real situation to the people in definite terms and put the problems in the hands of the people. They must mobilize the masses, draw on collective wisdom, and absorb all useful ideas, so that they can work out effective countermeasures. Policymaking should not be made a mystery. True socialist democracy is reflected by making policy decisions in a scientific and democratic way. The democratic way and scientific way of making policy decisions are also closely related to each other. Without the former, there cannot be the latter.

We must make use of the favorable conditions provided by history, further implement the policy of speeding up

and deepening reforms, which was put forth by the 13th party congress, and advance against the stormy waves, so that we can successfully go through the pass of reforming the price and wage systems through democratic channels and through our concerted efforts and so that a new economic structure can be established in our country through our efforts in the next few years.

Economic Reform Entering 'Crucial Period'

HK1706130888 Beijing JINGJI RIBAO in Chinese
1 Jun 88 p 2

[Article by Yan Kalin (7051 0595 2651): "It Is Necessary To Make Full Preparations for Passing Through the 'Dangerous Ordeal'"]

[Text] Over the past few days, many people in some places in Zhejiang, Fujian, and so on have drawn their savings deposits to rush to buy commodities and to hoard them for speculation. Some enterprises have become more and more unwilling to sell their products and some 1 million color television sets are now kept in stock.

The price reform which has just started means that our reform of the economic structure as a whole is entering a crucial period. Comrade Deng Xiaoping called it passing through a dangerous ordeal. However, judging from some present phenomena, many people do not quite understand this price reform and many cadres, particularly some responsible cadres, have not really played a role in passing through the ordeal so that some work cannot promptly catch up with the situation.

It should be said that the tendency toward the price reform of our country is more or less clear. Judging from agriculture, there will be a tendency toward a gradual increase in food prices over the next several years. To increase the output of grain, there are now two major questions: One is that the peasants must have initiative and the other one is that input must increase. Only by increasing input and solving the problems of chemical fertilizers, water conservancy, superior seeds, agricultural chemicals, and so on can we increase the per-mu yield of grain. An increase in input implies an increase in cost. When the cost increases and the peasants' income must be guaranteed so that their initiative in the cultivation of grain can be maintained, the only way out is to increase grain prices. After the grain prices are raised, the costs of meat, eggs, and vegetables will increase and their selling prices will surely increase. Judging from industry, the more industry develops, the more energy resources are needed. As the entire crude oil and coal industries have now incurred losses, the major problem of further development is apparently an increase in prices. It is very clear that price reform does not merely solve the problem of whether the prices are reasonable or not. What is more important, only through this reform can we promote the development of production. Only on

the foundation of the development of production can we enhance the people's living standard. It is, however, very necessary to clearly explain this situation to the masses now.

What should also be clearly explained is that we do not carry out production for the sake of production and we do not carry out reform for the sake of reform. In the long-term interests, the ultimate aim of the price reform is to promote production to satisfy the needs of the people's livelihood. In the immediate interests, while the prices of the main nonstaple food are readjusted this time, all have issued subsidies accordingly. In the wake of the increases in the prices in the future, it is essential to increase subsidies and wages accordingly and to carry out the wage reform. The principle put forward by the Central Authorities which is clear and definite is that the increase in the people's living standard must exceed the increase in the prices. On the whole, the wages and income of the staff members and workers can avoid the impact of the increase in the prices for several years in the future but the savings deposits will be affected to a certain extent. It seems that whether or not the interest rate of the savings can be suitably readjusted to safeguard the masses' vested interest has to be put on the important agenda. Furthermore, it is necessary to tell the masses as soon as possible when the interest rate can be readjusted and what specific difficulties are that render readjustment impossible.

It is imperative to point out that reform cannot be carried out without the masses' support. Many circumstances should be explained clearly to the masses. If the masses do not quite understand the price reform, they can hardly support it and some abnormal phenomena can hardly be avoided. Moreover, reform is a great cause of hundreds of millions of people and the price reform involves thousands upon thousands of households. It is especially necessary to mobilize the masses to tide over this difficult ordeal. It is feared that whether or not the masses' support can be successfully won is a key at the crucial period.

Another problem which merits attention is that we must have full appraisal of the difficulties and risks of the price reform. Now that the price reform is a dangerous ordeal, some dangerous situation is likely to appear. Apart from the problem of stability and unity, if some other work is not done well, it will result in a steep increase in the rate of inflation. The first one is the problem of "joining" the increase in prices. While the prices of four kinds of the main nonstaple food in a small number of places have been increased, the increase in the prices of dozens of commodities has already followed. As the price reform is carried out step by step, suitable compensation must be considered at every step. If many other commodities "join" the increase in prices, the situation will possibly be confused.

The second one is the problem of monetary issue. Over the past few years, although the reasons for the increase in the prices of our country have been numerous, one of

the main reasons has been that monetary issue has been out of control. From 1984 to 1987, money supply increased by an average of 21 percent a year and exceeded economic growth by 50 percent. The current situation of monetary issue being out of control has not yet been changed. In light of the situation of the first quarter, it is estimated that the planned quota for monetary issue this year will still be greatly exceeded. If this situation is not changed, a situation of prices being out of control is most likely to emerge.

The third one is the problem of controlling the scale of investment. A great increase in the financial expenditure is needed in relaxing the ban on the prices and in issuing subsidies. If the scale of investment cannot be controlled, not only the expenditure needed for the price reform will come to nothing but also the contradictions between market supply and market demand will be aggravated so much that the emergence of soaring prices is not impossible.

We must see that it is the key at the crucial period because the risks of the price reform are very big. After we pass through this ordeal, reform can develop smoothly; otherwise, we shall be forced to turn back or shall enter a painful course of long-term friction. We must have a clear understanding of and sufficient preparations for this.

LIAOWANG Views Price Reform Predicament
HK1706140588 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 23, 6 Jun 88 pp 3-4

[Article by Zang Zifeng (5258 1807 7364), Associate Professor of the CPC Central Party School: "How Will China Extricate Itself From a Difficult Position in Price Reform?"—passages in boldface as published]

[Text] China is now facing a serious situation characterized by rotational rises in commodity prices. What are the causes of this situation? How should China extricate itself from the present dire straits and lead the reform to success? These are questions of great concern to people of all circles at home and abroad.

Three Views on Price Reform [subhead]

The reform of the economic structure needs a price reform. There is no objection on this point within Chinese theoretical circles. However, there have always been different opinions on how price reform should be conducted and whether it should be carried out in advance of other reform or later. There are mainly three views. The first view maintains that price reform is the key to the success of the economic structural reform. Therefore, those holding this view emphasize that the price reform should lead reform in other fields throughout the whole process, to create conditions for the reform of the whole economic structure and to provide a market environment favorable to fair competition for enterprises entering the market as commodity producers. This

view was reflected in the "Resolution on the Reform of the Economic Structure" adopted by the 3d Plenary Session of the 12th CPC Central Committee. The second view holds that the time to launch a price reform in China is not yet ripe and the whole economic environment is not sufficiently favorable. A price reform launched when the aggregate demand exceeds the aggregate supply will inevitably result in a rise in commodity prices. Because all sectors—ranging from finance and enterprises to the individual—are not ready to undergo reform, those who hold the second view have suggested that price reform be launched after a reform of the enterprise microscopic mechanism is completed. In other words, price reform should be started after the enterprise reform is carried out in depth, the enterprise economic results are improved, and the state's financial resources and the capacity of both the enterprise and individual laborers to bear the price reform have increased. The third view holds that the in-depth development of the enterprise reform should be viewed as the key link, while the price reform should be carried out vigorously as a supporting measure.

The Five Causes of the Price Rise [subhead]

The continuous, across-the-board, and remarkable rise in commodity prices during the current price reform in China has drawn peoples' attention. The price rise may be attributed to the following five causes.

First, excessive monetary issue is the direct cause of the continuous, across-the-board rise in commodity prices. Commodity prices are, after all, dependent on two factors—production and currency. As far as production is concerned, the higher the productivity of labor, the better the economic results will be and the lower the value will be. In consequence, commodity prices, which reflect this value, will decline further. On the other hand, currency is the extrinsic expression of the value of commodities, and the greater the amount of money issued, the higher the prices of commodities will be. To be sure, monetary circulation has been brought under control time and again in China since 1984. But, on the whole, monetary issue has still far exceeded the money supply required by the economic growth and the rise in the retail price index of commodities.

Second, as a matter of fact, the process of the economic structural reform and economic construction in China has resulted in tremendous pressure, forcing commodity prices up. Because the prices of agricultural products and raw and processed materials are on the high side [as published], while the prices of general processed industrial products are also on the high side, the price reform in China is actually a structural readjustment. In light of the law of price, such a readjustment should not cause a rise in the general price level. But, in fact, the general price level has risen, because agricultural products and raw and processed materials—whose prices are on the low side—make up a considerable proportion of the

whole national economy, while those processed industrial products—whose prices really need to be lowered because they are higher than their value—account for a pretty small proportion. In addition, for such fields as energy, communications, and raw materials which usually run short, enormous investment needs to be made, and the wages need to be raised appropriately. When combined, these factors call for a huge investment. Therefore, there is a very strong force pressing for a rise in commodity prices and an increase in monetary issue.

Third, the overheated demand for investment and consumption also serves as an impetus to inflation. Reports from various places have shown that the price rise has actually gone beyond a reasonable margin. A very important cause of this phenomenon has been the overheated demand for investment and consumption. In the 3 successive years since 1985, the increase in both investment and total wages in China exceeded the increase in the national income, and the demand quoted in money value exceeded the actual increase in the national income as well. The following data are cited to illustrate the case: From 1981 to 1985, the average growth rate of the workers' wages was 1.8 times higher than the growth rate of the all-personnel labor productivity. The average growth rate of the workers' wages generally should be equal to or slightly lower than the growth rate of the labor productivity. On the other hand, viewed from the growth in institutional purchasing power, the figure for 1987 was 3.1 times that for 1977, while the country's per capita financial income increased by 160 percent in the same period. Such an overheated social demand resulted in a remarkable increase in both production costs and financial expenditures, thus expanding the financial deficit. Furthermore, the growth in institutional purchasing power exceeded the rise in the people's living standards, the national income, and the state's financial revenue. This was another important factor contributing to the excessive monetary issue.

Fourth, chaos in the circulation sector has aggravated the rise in commodity prices. Most individual traders and peddlers have made money through efficient management and hard work. But it is also true that a small number of people have made their fortunes through illegal business and swindles. By making use of their relations or privileges, some companies that exist only in name have been engaged in the illegal resale of some capital goods, making a profit of several hundred thousand yuan or even more than a million yuan overnight. When these traders who have reaped staggering profits enter the market, the social demand will inevitably soar drastically, forcing commodity prices up. Of course, this unfavorable phenomenon is also due to the interim double-track system. To be sure, this system has played a positive role, but it also involves some risk. Therefore, it must not be implemented for too long a period. The longer it is implemented, the worse its influence will be. As more people learn to take advantage of the double-track system, unhealthy tendencies will run amok in society.

Fifth, the cause of expanding aggregate demand of society lies in the unsound enterprise system which lacks a self-restraining mechanism. As viewed from the system, this is a fundamental cause. Due to the poor economic basis of socialist countries and their strong desire to catch up with and surpass advanced countries, they have adopted a guiding ideology which makes them overanxious for economic results and a high growth rate. But emphasizing only the growth rate is useless, and such a guiding ideology may even give rise to many problems. If the growth rate is high but the economic results are poor and efficiency is low, and if the consumption is high but the production output is low, then a rise in commodity prices will be inevitable.

The eagerness for quick success and instant benefit and the practice of solely emphasizing the growth rate are not merely ideological problems but are also the products of the planned economic system that was practiced in the past, which had a high degree of unified control. Under such a system, the state acts as an organ of political power; the representative of the owner of the production means, which are under the ownership of the whole people; and the controller and operator who allocates production means and conducts production. Under this three-in-one system, the empowered investor shows no concern for the outcome of investment. Such a practice would be incredible in any capitalist country.

From the point of view of the enterprises, their decision-making power has been expanded and their role has been upgraded since the reform started, but there is still a very long way to go before their position as real commodity dealers can be established. Because enterprises have the impulse to expand but lack self-restraint, they are looking forward to profits but are not ready to accept deficits. This will invite an expansion of demand. In the face of the great pressure arising from workers' demands for pay raises, enterprises are interested in the outcome of short-term behaviors and feel indifferent to capital accumulation. At present, enterprises are treated unfairly in terms of price, technology, equipment, and, especially, taxation. Therefore, enterprises that gain more are not necessarily well operated, and well-operated enterprises do not necessarily gain more. Every enterprise has tried its best to raise the amount of bonuses to the ceiling fixed by the state—the wages for 4 and 1/2 months. As a result, in almost all enterprises, the consumption funds have been maintained at a high level and can hardly be kept down. When production costs keep going up, the most straightforward policy enterprises can adopt is to shift the pressure caused by the rise in the prices of end products onto the consumers. Under the double-track system, it is much easier to deal with a problem by playing a little trick on the price than to improve management and product quality. This being the case, why should enterprises not go ahead with it?

The Policy To Deal With the Price Problem [subhead]

In the final analysis, the establishment of a sound enterprise system and clearly defined property right relations are the basic conditions that we must rely on in straightening out prices.

First we must change the state's three-in-one role. The state political power organ should only exercise political, economic, and other social-administrative functions and exert macroscopic and legal control over all economic sectors. The role of direct representative of the owner of production means should not be played by the state but by some organ called the state asset administrative bureau. Only when political power is separated from ownership in this way can the separation of government administration and enterprise management really be achieved. The power to use assets should be delegated to an economic entity, which can be a holding company, an investment company, or a trust company. Or, this power could be delegated to several bank-like operational departments which use the assets or make profits from the assets and which, in nature, should be regarded as financial organizations. Most enterprises are to adopt the joint-stock system, the state is to be replaced by the enterprise as the principal investor, and the old working procedures—by which chief officials or administrative organs make decisions on investment projects but assume no responsibility for their decisions—is to be replaced by a new competition mechanism in the wake of the structural reform. So the phenomenon of overheated investment which originates from the old form of control over property rights will be overcome accordingly.

Since we are developing a socialist commodity economy and recognize the market's function in regulating the labor force and resources, we must change the original property right relations. After the property rights are transferred from the state as the unitary owner to operational investment companies of various types as diversified owners, both the owner and the business operator have clearly defined status and can assume responsibilities. This will completely change the past situation in which "everybody seemed to be the owner but actually no one was the owner, and everybody seemed to be assuming the responsibility but actually no one assumed responsibility under the ownership by the state and by all the people." This does not mean that public ownership will be discarded, but its vitality and efficiency will be increased through further improvement. Thus, public ownership will be consolidated.

As the unitary ownership system with the state playing the dominant role is transformed into the joint stock ownership system, the enterprise's status as a legal entity will be upgraded and it will become the real commodity producer and dealer. If the enterprise makes profits, the owner of property rights will benefit more from it; and, if the enterprise suffers losses, the price of its shares will decline and the property rights will finally be transferred. This is much more advantageous to the reasonable flow of enterprise assets. At present, in China, assets are frozen and fixed, and enterprises just continue operating

and will never close down. In the past, when we saw tens of thousands of enterprises in the capitalist world declaring bankruptcy or switching over to other lines of production every year, we used to regard this phenomenon as evidence of the decline of capitalism. In fact, this view is subject to challenge. In my opinion, perhaps this can be regarded as an expression of the vitality of capitalist enterprises, for in the wake of industrial development, enterprises need to be constantly readjusted and the economic structure needs to constantly change. Not only must the flow of assets change, but the amount of profit and reserves of assets must change as well, for in the wake of escalating international competition and technological improvement, both the production structure and the enterprises themselves will change very rapidly.

Second, the most straightforward measure to deal with the present situation is deflation. But in carrying out the deflation policy we must not demand uniformity. In China, the purpose of the deflation policy is to keep the aggregate demand down and, more importantly, to promote the development of production and the growth in supply. The problem of price increases cannot be readily solved by slightly reducing everybody's income. In fact, as long as the problem of price increases exists, it is necessary to deal with the problem relating to wage income as well. Therefore, the key lies in increasing production and narrowing the gap between the increasing margin of monetary issue and production output. To achieve this, we must provide assistance to promising industrial branches in terms of funds, and we must withhold support from enterprises whose products are unmarketable, in order to push them to transform themselves. One of the latest gratifying developments is the merger of enterprises. This trend will in fact help some enterprises with great potential that badly need to expand in production and size to expand through merger, without securing loans from the state. Such a practice not only helps reduce the amount of money in circulation but also boosts production. In other words, now we cannot adopt ordinary methods to suppress demand, but we must increase supply and narrow the gap between supply and demand. Thus, the immediate factors forcing commodity prices up will be minimized to a certain extent or will be eliminated.

Furthermore, it is necessary to clearly define our policy toward industry and link it to the structural readjustment of commodity prices. At present, some measures practiced in China can seriously obstruct various localities from giving full play to their favorable conditions and are very detrimental to the rationalization of the overall production structure. For example, both the state's financial policy of "setting up separate accounts" and the policy of contracted financial responsibility system that has been fixed recently can help lighten the financial burden of central authorities and bring the initiatives of local financial authorities into play. But these policies have a common disadvantage: Namely, they may make local authorities overanxious to raise the growth rate and the financial revenue, urging them to place undue stress

on those departments which can bring rapid results and high profit within a short turnover period. As a consequence, people will be distracted from basic industries, general communications, and the energy industry; and, at the same time, large enterprises will not show great interest in investments in technological transformation. All these factors are unfavorable to our efforts to increase the potential for the development of the whole economic sector.

To cite another example, the present capital goods price index in China has far exceeded the consumer goods price index. It is increasing by 20, 30, 50, or even 100 percent. Its rise will inevitably cause an increase in the price of all kinds of end products and a series of chain reactions as well. For this reason, in order to keep the prices of end products and consumer goods under control, we must first keep the origin of the price rise under control. Now the case is that we have only paid attention to control over the prices of consumer goods while failing to keep the prices of capital goods under proper control. That means we have not grasped the key link. Thus, it can be seen that the readjustment of the production structure is a key point. Once the readjustment is completed, the structural price rise will be mitigated, and the problem concerning the prices of end products will be reasonably solved as well. So long as the macroeconomic results are improved, the overall price level can naturally be kept under proper control.

Finally, it is necessary to tighten control over the circulation sector and establish a better order. At present, a main factor directly affecting prices is the illegal possession of profits that arise from circulation. It will surely help to stop the rising trend of commodity prices if we can carefully consolidate all kinds of companies, take strong action against those involved in illegal resales, and strengthen administration over material supply departments.

Rules on Quality Licences for Imports Issued
HK2006134588 Beijing CEI Database in English
20 Jun 88

[Text] Beijing, (CEI)—China's State Administration for the Inspection of Import and Export Commodities promulgated rules for the issuance of quality licences for import commodity on June 9 to prevent the entry of harmful and dangerous commodities.

According to these rules, all imported medicine, food, animals and plants, which are up to China's safety standards, shall be allowed to register. Other imports shall be given safety marks or certificates.

Licences for food and medicines to be taken orally shall be handled by the Ministry of Public Health or medicine and food hygiene inspection institutions authorized by the ministry.

Licences for veterinary medicine, fodder additives, plants and animal products shall be handled by the Ministry of Agriculture and veterinary medicine, fodder, animal and plant inspection institutions authorized by the ministry.

Licences for pressure containers such as boilers shall be handled by the Ministry of Labor and boiler and pressure container safety inspection institutions authorized by the ministry.

Licences for ships, offshore platforms, major ship equipment and materials and containers shall be handled by the State Register of Shipping and ship inspection institutions authorized by it.

Licences for other commodities that may be dangerous or harmful shall be handled by the State Administration for the Inspection of Import and Export Commodity or commodity inspection institutions authorized by the administration.

Commodities without being registered or given safety mark or certificate shall not be allowed entry.

The State Administration for the Inspection of Import and Export Commodities shall formulate a list of import commodities under quality licence shortly.

After the list is made public, foreign firms, which export commodities covered by the list to China for the first time must apply to Chinese departments concerned for safety mark or registration before they sign trade contracts.

No application for commodities which have failed the inspection test shall be accepted within six months of the test. Foreign firms have to reapply for quality licences for their commodities if the validity of their licence expires.

Chinese commodity inspection and licence examination institutions shall keep confidential the technology of commodity samples, the production and testing technology of factories, and the results of inspection, to protect the lawful rights of applicants.

Article Views Orienting Economy to World Market
HK1606114888 Hong Kong LIAOWANG
OVERSEAS EDITION in Chinese No 22, 30 May 88
pp 14-16

[Article by Du Yuejin (2629 6460 6651): "Oriented Directly Toward the World Market—An Inevitable Trend in China's Economic Development"]

[Text] At this time last year, foreigners in the economic circles who were prepared to go to mainland China to try to display their talents were perhaps still worrying whether China's recently opened doors would again be closed when inclement weather conditions suddenly brought wind and rain. However, this year when flowers

are in full bloom and leaves are green, China appears before their eyes a "new continent" with its doors and windows wide open and a cool breeze blowing gently. What they were concerned about before has become how to pass through the hall into the inner chamber after passing through the door.

The bases for this dramatic change are a series of intensely publicized actions by the Chinese authorities since the convening of the 13th CPC National Congress last November. They included:

—Important CPC and government officials visited southeastern coastal areas as often as if they were on a merry-go-round, affirming the achievements made in opening up to the outside world and urging even greater openness.

—The CPC Political Bureau meeting, the CPC Central Committee plenary session, and even the first session of the 7th NPC held not long ago all placed the economic development strategy for coastal areas on the agenda as an important topic of discussion.

—The State Council called in a succession of persons in charge of relevant departments and experts to discuss problems concerning foreign investment, reform of the foreign trade structure, and the opening of coastal areas to the outside world.

—The open economic zones in the Zhu Jiang delta and the Minnan (southern Fujian) triangle area have been expanded from the former "small triangle" into a "big triangle."

—The proposal to conduct "comprehensive reform on an experimental basis" in Guangdong and Fujian Provinces, Hainan Province's "more flexible" policies, and the proposal for Shanghai Municipality's "financial contracting" have been worked out one after another.

—Preparatory work for opening the Liaodong and Shandong Peninsulas in northern China's coastal areas is being stepped up day after day.

.... [ellipses as published]

All these show that if we say China has invariably concentrated its efforts on improving its investment environment and on "inviting foreign investors" in the nearly 10 years of opening up to the outside world, then, faced with numerous pressures resulting from domestic economic development and based on a reappraisal of the world economic situation, it will bring its relatively strong points into play, "go out" with big strides, actively participate in the division of labor in the world economy, and become involved in exchanges on the international market with an enterprising spirit. This is a reflection of

the CPC authorities' new line of thinking on the integration of reform, opening up, and development. Its profound meaning is that China has begun to place its economic operations within a great world market circle.

Reasons Behind China's Pursuit of International Markets [subhead]

The new line of thinking originates from new difficult problems, which are, more often than not, the actual expression of "outstanding accounts" left over by history.

One difficult problem is that grain production has progressed slowly and unevenly. In the last few years, although the Chinese Government has time and again raised the purchasing prices of grain, the peasants' enthusiasm for growing grains has waned. The difference between workers and peasants interests and the low returns from agricultural production have placed the peasants in the following situation: They will make no profit even though they have done well in growing grains.

The reason behind this state of affairs is related to the path China took in developing its economy during the last several decades.

In the early days of the founding of the PRC, a pressing historical assignment facing China was to move toward an industrialized state. However, one of the prerequisites for industrialization is huge investment. How should funds be accumulated? The options for China to choose were limited. Britain's enclosure movement and the European and American colonialists' "golden triangle" trade were all means to accumulate funds. However, as history has developed, obviously these means cannot be reemployed. This, plus the resultant force of other historical factors, has pushed China onto a rocky road of industrialization characterized by a high rate of speed. Under powerful administrative intervention, while there was an excessive accumulation in agriculture, heavy industry and even military industry developed in a premature and isolated way. As a consequence, although industrial output value steadily increased and ultimately surpassed agricultural output value, a high price was paid for this: Of China's population of 1 billion people, 800 million are peasants with an average per-capita 1.5 mu of cultivated land and an annual income merely about 200 yuan. Consequently, industry lacks adequate capacity for continued development.

Rural economic reform, started 10 years ago, has breathed unprecedented vitality into China's agricultural production. However, the reform centering on the system of contracted responsibilities on the household basis, with payment linked to output has not changed the basic situation in which small-scale production holds a predominant position. Moreover, when it comes to the prospects of small-scale production, it can at best solve problems of food and clothing. Therefore, when the energy generated and released by the reform at this stage

came close to exhaustion, economic development once again posed a new topic to the Chinese peasants: Move from small-scale production to commodity production, from the household-based, inefficient agriculture to an efficient agriculture with a moderate scale of operation, and from the single-product structure of production to a diversified structure of production. A great trend emerged from this: A large section of agricultural population is shifting to non-agricultural sectors. According to experts' calculations, from now to the end of this century, nearly 200 million peasants in China will quit the land. This can be seen from China's recent developments. Finding a job for each worker in township and town enterprises will cost about 15,000 yuan. If this trend continues, the funds needed for that purpose alone will become an unsolvable difficult problem.

The other difficult problem is that the finances of "great Shanghai" have been "sliding" in recent years.

In the last 30 years or more, as China's biggest city, the funds handed by Shanghai over to the state accounted for one-eighth of the state's total financial revenues, becoming the mainland's important pillar of financial resources. However, since 1986, Shanghai's local financial revenues have drastically dropped; an average reduction of 830 million yuan a year. This attracted the great attention of the Chinese authorities.

The "sliding" of Shanghai's finances is not an isolated and accidental phenomenon. For a long time in the past, China's industrial distribution was unduly concentrated in resource-poor eastern coastal areas, forming a basic pattern in which the western and central regions provide resources while the eastern region does their processing. Shanghai and some other coastal cities get along by relying on the high-added-value they gained through processing state-allocated, cheap raw and semifinished materials. In the last few years, things have changed along with the introduction of economic restructuring and the development of the hinterland's economy. On the one hand, the increases in the prices of raw and semifinished materials have placed enterprises in these cities in a difficult position from which they are unable to extricate themselves and on the other hand, with the rapid development of the hinterland's processing industries, many raw and semifinished materials are "eaten up" by local enterprises. As such, more often than not, enterprises in these cities "do not have enough food in their bellies." The vigorous development of township and town enterprises in coastal areas over the last few years has intensified an already tense situation.

With a thorough study of these developments, we can easily find that the fundamental reason lies in a critical resource crisis.

China always prides itself on having a vast territory and abundant resources. However, with the rapid expansion of its population, this strong point has quietly disappeared. According to the statistics provided by experts,

of the average per capita amount of 20-odd major natural resources, including cultivated land, water, forest, coal, petroleum, iron, copper, and aluminum, with the exception of tungsten and rare earth, China's share is lower than the world's average levels and its share in many of them is lower than one-third of the world average levels. As a result of China's large export of petroleum products in 1986, tens of thousands of motor vehicles in the country were forced to cease running. In the first half of last year, the increased export of cotton yarn and grey cloth caused a considerable number of key textile enterprises in the country to face the threat of stopping working awaiting the supply of raw materials. The "wool war," "cotton war," and "tea war" which emerged consecutively in the last few years have also reflected the strained supply of resources from different aspects.

Limited resources and funds have often landed China's economic development in a difficult position in two ways: If we expand the economy, we are handicapped by "a poor foundation; if we develop township and town enterprises, they will unavoidably "vie" with key state-owned enterprises for raw and semifinished materials; if we synchronously develop the eastern, central, and western regions, our ability falls short of our wishes; if we absorb foreign capital on a large scale, we lack domestic funds to coordinate; if we expand exports according to the traditional export structure that gives priority to resource products and primary products, this will surely fetter domestic economic growth. It is against this background that China cast its eyes on international markets to seek a way out.

In October to November of last year, the proposal of young Associate Researcher Wang Jian of the Institute of the Planned Economy under the State Planning Commission on taking an economic development road of "the great international circle" was submitted to China's supreme policy makers. His assumption is that compared with other countries and regions, China is relatively strong in labor. Efforts should be made to turn the past practice of agriculture directly accumulating funds for industry into exporting cheap peasant labor to solve the problem of funds needed for industrialization at home. This new tentative idea immediately attracted the great attention of Zhao Ziyang, general secretary of the CPC Central Committee.

From November of last year to February of this year, General Secretary Zhao Ziyang continuously conducted a lot of thorough investigations and study in coastal areas, solicited opinions from all sides concerned, and made a strategic decision on accelerating the economic development in coastal areas: Efforts should be made to continue to consolidate and develop the existing situation of opening up to the outside world, to open more areas in the relatively economically developed coastal provinces and cities to the outside world, and to gradually establish a more open, export-oriented economy starting with improving the investment environment.

Specifically, we should make full use of the advantages in abundant labor resources and relatively low costs, put the supply of raw materials and the marketing of products on the world market, expand the export of labor-intensive products and labor- and technology-intensive processed products; enthusiastically encourage foreign business people to invest and run "the three kinds of partially or wholly foreign-owned enterprises;" and while speeding up the economic development in coastal areas, we should bring along the economic development in the other parts of the country steadily.

As a supporting strategic measure, China is taking or will take the following steps in the near future: Accelerate the on-going reform of the foreign trade structure; delegate more decisionmaking power to the governments and enterprises in coastal areas; and double the size of current economic open coastal areas, and so on and so forth.

Enlightenment From Guangdong [subhead]

What about the feasibility of this strategic step taken by China?

The practical achievements Guangdong scored in developing its economy over the last few years have provided a real explanatory note to the question.

Guangdong Province was one of the provinces experiencing a slow economic growth. Between 1949 and 1979, its industrial and agricultural growth rates were lower than the nation's average levels for 14 years. However, in several years of reform and opening up to the outside world, it jumped into the ranks of provinces with tremendous economic strength. From 1979 to 1986, the province's total investment in fixed assets surpassed its total sum in the 29 years before 1978. In 1987, its total industrial output value amounted to 67.2 billion yuan and more or a nearly 30 percent increase over the previous year and this growth rate ranked first in the country. In agriculture, grain production throughout the year registered an increase of over 1 billion kilograms over the preceeding year. With the exception of sugarcane and silkworm mulberry, there were big increases in the output of forestry, animal husbandry, sideline occupation, and fishery.

Guangdong's economic takeoff has some connections with its efforts to orient its economy directly to the international market and to take an active part in international exchanges. In the past 9 years, Guangdong has absorbed and utilized nearly \$5.5 billion in foreign investment, imported some 800,000 items (sets) of technology and equipment, and over 1,600 production lines. Importation of foreign capital in large quantities has effectively alleviated the contradiction between economic development and fund shortages. According to the statistics of the implementation of the Sixth 5-Year Plan from 1981 to 1985, during the plan period, 20 percent of the province's investment in the fixed assets

of state-owned enterprises came from foreign capital. During the 1979-1986 period, the province's newly added output value through the use of foreign capital amounted to 12 to 15 billion yuan, constituting about 30 percent of the newly added agricultural and industrial output value of the same period and thus creating more than 2 billion yuan in taxes and profits.

According to a general survey of nearly 2,000 projects imported by the province using foreign capital, of the total projects, more than 70 percent used technology and equipment of the late 1970's levels. These items of advanced technology and equipment have given a big boost to the technological progress of large numbers of old enterprises. Take light industry for example. Thanks to importation of technology and equipment, over 100 new products have been developed. In terms of macro-economic results, one U.S. dollar worth of imported technology and equipment can create eight to ten yuan in newly added value and one to two yuan in taxes and profits.

Thanks to the importation of foreign capital, the expansion of production, and the progress of technology, Guangdong has developed and churned out large numbers of new, highly competitive products in international markets. The total value of Guangdong's trade with other countries in 1986 was nearly \$4.3 billion, comprising one-seventh of the nation's total export volume of the same year or an increase of more than 200 percent compared with the province's figure 7 years ago. Guangdong Province's export trade topped the \$5.5 billion mark at one fell swoop last year, accounting for one-sixth of the country's total export volume.

What merits particular mention is that the development of businesses in "processing with supplied materials and samples, assembling with supplied parts, and compensation trade" with township and town enterprises as the main force has played a tremendous role in stimulating the formation of the above-mentioned mechanism of a benign-cycle nature, a mechanism which stresses both import of raw materials and export of products. According to 1986 statistics, the volume of exports done by foreign trade companies throughout the province through "processing with supplied materials and samples, assembling with supplied parts, and compensation trade" amounted to 34 percent of the province's total export volume of the same year.

True, Guangdong has its own specific characteristics, such as being adjacent to Hong Kong and Macao and having close overseas relations and a relatively thin atmosphere of traditional culture. This being the case, "Guangdong scriptures" will not necessarily be able to save all beings throughout the nation. However, as some observers pointed out, Guangdong natives have three fine qualities: One is not wavering in adhering to reform and opening up to the outside world; the other is having the courage to break with outmoded conventions and old habits, being quick and flexible, and proceeding in

everything from actual conditions; and the third is being good at capturing the favorable opportunity of world economic alterations, fearing no risks, and losing no time in entering the international economic arena. This may be where Guangdong Province's lesson to other localities lies at the beginning of China's implementation of the economic development strategy in coastal areas.

Opportunity, Risks, and Difficult Problems [subhead]

The essence of the "great international circle" theory and the strategy for the economic development in coastal areas is to achieve a dialogue between the Chinese and world economies. Since we want to achieve "a dialogue," obviously, it will not do to rely exclusively on "one's own wishful thinking."

Then, at a time when China is embarking on the world economic arena, what does the world economic "climate" look like, "gloomy" or "fine?"

As far as economists at home and abroad are concerned, they hold different views on the issue, some optimistic and others pessimistic about it.

Those who take an optimistic view on the matter maintain: Due to the devaluation of the U.S. dollar, the production costs of many countries and regions whose products are mainly sold in the U.S. market are on the rise and they are therefore forced to seek a new way for their capital overseas. As far as these international funds are concerned, China which has low-paid labor and a huge market potential is no doubt one of the most favored places for investment.

Those who take a pessimistic view on the issue argue: The future international economic climate is not ideal to China's implementation of the economic development in coastal areas strategy. This view originates from a pessimistic calculation of the world economic situation.

The benevolent see benevolence and the wise see wisdom. To sum up in a word, there are both opportunities and risks in developing an export-oriented economy. According to the view of some "advocates of war" on this question, now that China has established the major prerequisite of developing a commodity economy, it should, therefore, not make a fuss about the stormy waves in the sea of commodity economy.

However, difficult problems currently lying ahead of us at least include the following:

—Innovative progress has not yet been made in reforming the foreign trade structure. Under China's traditional foreign trade structure characterized by unified handling by the state of revenues and expenditures, lack of a clear distinction between the functions of the government and those of the enterprises, and monopolized management, foreign trade enterprises have only the tasks to import and export and no urge to gain profits from fulfilling the

tasks; they concentrate on earning foreign exchange and pay no attention to beneficial results; productive factories pay exclusive attention to production and are ignorant about market conditions; and either there is no competition or there is blind competition under unequal conditions. All these have seriously hindered the establishment and development of the export-oriented economy.

—There is a lack of powerful sale promotion networks and flexible marketing mechanisms. To enter the international market with our products in large quantities, we are confronted with competition not only in product prices, quality, and varieties but also in sale promotion capability. It is, therefore, extremely urgent to change the export trading method of "trusting to chance and windfalls," a method China has used for several decades.

—International trade systems in coastal areas are still not perfect, including qualified personnel, infrastructural facilities, administration, and money and other production elements markets.

A golden opportunity given by heaven shows no partiality to China. There are indications that many developing countries are actively taking countermeasures. Therefore, how well these problems are solved has a direct bearing on China's future and fate.

China is facing a stern challenge.

Provincial Private Enterprises Achieve Success
OW1806230588 Beijing XINHUA in English
1351 GMT 18 Jun 88

[Text] Fuzhou, June 18 (XINHUA)—A private shopkeeper in Fuzhou City accumulated two million yuan in personal funds in four years through hard work and efficient management.

Liang Yifeng, the 30-year-old shopkeeper who runs a color photo printing shop, has established a good reputation among local customers with quick delivery, high quality and excellent service since the shop opened in 1984.

His achievement made him first president of the city's private entrepreneurs' association and a committee member of the municipal People's Political Consultative Conference.

To date, China has 225,000 private enterprises and, on average, each employs 16 helpers. Some big undertakings have as many as hundreds or even more than 1,000 workers, said Ren Zhonglin, director of the State Administration for Industry and Commerce.

Three brothers in Putian City, Fujian Province, opened an optical equipment plant in 1984. Last year they produced 6.5 million yuan in output value and had fixed assets of five million yuan.

With expansion of business scope more and more private and individual shopkeepers have joined hands to form shareholding enterprises and seek technical guidance from research institutes. [sentence as received]

A farmer in north China's Hebei Province leased a down factory in the early 1980s. With the help of the China National Native Produce and Animal By-Products Import and Export Corporation, his products have been exported to a dozen countries including Britain, Japan, and the United States, and the factory has earned 5.8 million U.S. dollars in the last few years.

Enterprises Key to Economic Reform
HK1706052688 Beijing CHINA DAILY (Supplement
of China-U.S. Joint Session on Industry, Trade and
Economic Development) in English 17 Jun 88 p 1

[By Lu Dong, Chairman of China Association of Industrial Economics]

[Text] In recent years, we have adopted a series of policies and measures to encourage the growth of diverse economic sectors including the individual sector as well as Chinese-foreign joint ventures, co-operative enterprises and wholly foreign-owned enterprises. As shown in statistics for 1987, in the national total industrial output value, the proportion of the public sector dropped from 81 per cent in 1978 to 67 per cent in 1987. That of collectively-owned enterprises increased from 19 per cent to 30.5 per cent, with the remaining 2.5 per cent going to other sectors of the economy. Village and township enterprises now have employed a total of 79.73 million people.

Meanwhile, foreign-invested enterprises in the country have increased to more than 10,000, with a combined contracted investment of \$22.8 billion.

The amendment to the constitution of the People's Republic of China adopted at the recent First Session of the Seventh National People's Congress clearly stipulates, the state permits the private sector of the economy to exist and develop within the limits prescribed by law. The private sector of the economy is a complement to the socialist public economy. Structural reform is the revitalization of enterprises, especially large and medium-sized ones.

In the last few years, good results have been made in giving enterprises more decision-making powers in management, implementing the director responsibility system and introducing various forms of the managerial responsibility system including contracting and leasing.

The "Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People" was adopted at the First Session of the Seventh National People's Congress. This is a major event in China's economic structural reform as well as in its socialist legal system.

Technological progress in enterprises comprises development of new technology, scientific research for tackling key technical problems, import of new technology, technical innovation as well as other aspects such as quality control, standardization, patent and information.

China's economic structural reform aims to build up a system integrating planning with the market so as to bring about a new operating mechanism, in which the state regulates the market while the latter guides enterprises. To correctly handle the relations between planning and the market is a vital problem that needs to be solved in the current reform.

In order to achieve the target, we have carried out a series of reform measures in the macromanagement system in the last few years to develop and perfect a socialist market system.

Meanwhile we have also made useful studies in and experiments in the reform of the pricing system. As far as planning is concerned, we have reduced the industrial products under the state control from over 120 varieties to some 60, and the materials under the unified distribution, from 256 to 26.

In the last few years, we have adopted many major measures to enable the Chinese enterprises to take part in the competitions on the international market as early as possible, which include establishing special economic zones, opening up coastal regions and promulgating policies and statutes to encourage exports and attract foreign investment.

Specialized Companies To Reform Investment
OW1806120188 Beijing XINHUA in English
1127 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)—As part of the country's investment management reform, China is setting up six specialized investment companies to administer investment for state economic operations, today's overseas edition of the "PEOPLE'S DAILY" reported.

These companies will handle investment in the fields of energy, raw materials, transportation, machinery, electronics, textiles, light industry, agriculture and forestry, the paper said, adding after these firms open for business they will take over part of the functions of the State Planning Commission.

The State Planning Commission will see to the approval of larger projects and distribution of the overall state investment to these firms, ending the practice of state allocation of investment for individual projects.

According to the report, these specialized companies are independent economic entities which are designed to make operational investment more competitive and

invite bids on project selection, design, construction and facility supplies. The investment companies may also start joint ventures with localities or make loans to them.

Central China International Company Set Up
OW1906100388 Beijing XINHUA in English
0749 GMT 19 Jun 88

[Text] Beijing, June 19 (XINHUA) — With the consent of the State Council and the authorized approval by the State Planning Commission, the Ministry of Foreign Economic Relations and Trade, and People's Bank of China, the Central China International Company (Group), directly under the Henan provincial people's government, was set up in Zhengzhou, capital of Henan Province yesterday.

According to a leading member of the company, the group's aim and task is, in line with China's laws and policies and abiding by common international practices, to expand domestic and foreign trade, to go in for domestic and overseas financing and investment, to develop international economic, technological cooperation and labour service export, to import advanced technology and managerial experience, to utilize foreign funds for prompting the opening of interior provinces, so as to accelerate the trade in central China region and invigorate the economy of Henan Province.

The Central China International Group is a closely-integrated enterprise group with varied functions. It has so far involved about 100 foreign-funded projects, joint Chinese-foreign ventures and cooperative ventures, and it has forged economic and trade relations with more than 60 countries and regions.

Economist Explains Industrial Growth
OW1906063388 Beijing XINHUA in English
0557 GMT 19 Jun 88

[Text] Beijing, June 19 (XINHUA) — "Rapid and diverse economic growth has brought China's industry to life," said Lu Dong, chairman of China's Association of Industrial Economics.

Lu also said, "structural reform and technological progress in industry are the main ways of tightening the growing gap between supply and demand."

According to Lu, China now is working under a series of policies to encourage the growth of many economic sectors including privately-run firms, Chinese-foreign joint ventures, co-operative enterprises and solely foreign-funded projects.

Collectively-owned enterprises and other economic sectors are responsible for around one-third of the country's industrial output value, Lu explained, while the proportion of the economy involving state-owned firms has dropped from 83 percent in 1978 to last year's 67 percent.

China now boasts 15.15 million village and township enterprises, which employ more than 79 million people. In addition, the country's foreign-funded firms have increased to more than 11,000 and list combined contracted investment of 22.8 billion U.S. dollars.

China considers technological progress, including new technological developments, scientific research, technology imports, technological upgrading, quality control, standardization, patents and information exchange very important.

Last year, China's state-owned enterprises spent 74.3 billion yuan (20.1 billion U.S. dollars) in technological improvements, which was four times the 1980 figure, and 297,000 projects to raise technological levels were completed during the past eight years.

Beginning in 1983, China began importing advanced foreign technology and equipment, and has signed more than 27,000 contracts worth more than 12 billion U.S. dollars.

Handling the relationship between planning and the market correctly is something which must be worked out as part of the ongoing reform, Lu noted, and a new structure is needed under which the state regulates markets while the market guides enterprises.

China is carrying out a series of macro-administration system reforms which include cutting the variety of industrial products under state control from more than 120 now to about 60, and also reduce the number of materials under unified distribution from 256 to 26.

Lu also said, most commodities can now be exported directly by local foreign trade enterprises except a few key items which will remain under state control.

The foreign trade contract system will be introduced nationwide, Lu said, which will allow export-oriented and foreign-funded enterprises to bring legally-held foreign currencies into trade in the state-run trades and foreign currency redistribution centers.

According to Lu, these new policies will help more Chinese firms be competitive on the international market, and promote economic and technological exchange with foreign companies.

College Students Face Financial Problems
OW1906180688 Beijing XINHUA in English
1204 GMT 19 Jun 88

[Text] Beijing, June 19 (XINHUA)—About 34 percent of undergraduates have a hard time making ends meet, reports the "BEIJING REVIEW" on a survey conducted by the Chinese People's University.

The survey was conducted on a sample of 6 percent of the university's 7,000 students. Both undergraduates and postgraduates at various levels were canvassed. About 70 percent came from urban areas.

The survey respondents had an average income of 54 yuan a month (about 15 U.S. dollars), some 15 yuan less than the average per capita income in urban families.

About 84 percent of the students have a monthly income of less than 80 yuan. Although they get state subsidies ranging from 6 to 30 yuan, most undergraduates continue to rely on their parents, while post-graduates make extra money by teaching or taking on other jobs in their spare time. About 10 percent of the post-graduates also need financial help from their families.

A few students enjoy comparatively high consumption levels thanks to rich parents or extra income from part-time jobs.

Post-graduates spend an average of 45 yuan a month on food, 10 yuan on books, and 7 yuan on daily necessities, leaving 10 yuan as pocket money. Undergraduates have to spend an average of 40 yuan on food, and many complained they could not afford to buy books because of high prices.

The survey concluded that the attitude of students towards spending money are generally correct. About 90 percent of the undergraduates believe in "taking actual financial conditions into consideration before spending money".

Some students criticized the press for giving a false impression of college students by drawing public attention to isolated cases of overspending.

In another survey, the Beijing Telecommunications Institute concluded that its students are in the habit of overspending. While the average monthly expenditure of the students is between 150 and 80 yuan, 50 percent spend more than 100 yuan.

Production of Consumer Durables Restricted
HK2006140988 Beijing CEI Database in English
20 Jun 88

[Text] Beijing (CEI)—The Chinese Ministry of Light Industry recently promulgated regulations to restrict the production of eleven kinds of durable goods.

The durables to be restricted in production are bicycles, sewing machines, clocks, wristwatches, refrigerators, air conditioners, washing machines, electric fans, vacuum cleaners, pianos and electronic organs.

Production of these eleven kinds of durable goods will be put under licence control.

The supply of some light industrial goods, especially bicycles, wristwatches, sewing machines, washing machines and electric fans, now exceeds demand in China.

According to statistics, there were 20 million unsold wristwatches, and 10 million bicycles, about one fourth of the annual national output, 1.8 million washing machines and seven million electric fans in stock by the end of last year.

Largest Thermal Generator Built for Anhui
HK2006012088 Beijing CHINA DAILY in English
20 Jun 88 p 2

[By Shi Leixing]

[Text] The first Chinese made 600,000-kilowatt-capacity thermal power generator will ease electricity shortages in the east of the country.

The generator, manufactured in Harbin, capital of northeastern Heilongjiang Province, will be the country's largest thermal generator.

It was especially designed and made for a thermal plant project in Huainan, in East China's Anhui Province.

The machine has been installed in the Huainan plant and is expected to go into operation in October, according to Shao Qing, general manager of the No 2 Engineering Corporation, which is in charge of the project's installation work.

Construction work on the State key project of the Seventh Five-Year Plan (1986-90), is divided into two phases, Shao told a news conference on Saturday.

The first phase has an investment of 2 billion yuan. The second generator of the phase is under construction in Harbin and is expected to start operating in 1990, he added.

When both machines are working together in two years' time, Shao said, they will be able to generate 8 billion kilowatt hours of electricity a year.

According to Shao, the electricity will be transmitted into the East China Power Network. This will supply power to Shanghai and neighbouring Jiangsu, Zhejiang and Anhui provinces, now suffering from a shortage of electricity.

Over the past years, China has been making efforts to upgrade its power generating facilities. It has set up many thermal power plants to meet greater demands from industry.

In 1985 and 1986, for instance, 5 million kilowatt worth of machines were added each year. The figure rose to 8 million in 1987. But China has had to rely on the importation of most machines with a capacity over 350,000 kilowatt hours, said Shao.

"The birth of the high-power generator signifies an advance in machine-building techniques and points out the direction for developing China's electric business," he said.

Ministry Prohibits Selling Houses at Low Prices
OW2006030188 Beijing XINHUA Domestic Service
in Chinese 1150 GMT 16 Jun 88

[Text] Beijing, 16 Jun (XINHUA)—The Ministry of Construction recently issued an emergency circular urging all localities to take resolute measures to prohibit selling government-built houses at low prices.

The state long has had written regulations stipulating that, in principle, government-built houses in urban areas are to be sold at full price. However, as reform of the housing system is carried out in a more in-depth manner, old government-built houses in many localities have been sold at low prices. Leaders of some localities and units, taking advantage of housing reform and using the name of raising funds for housing reform, have even violated established regulations to lower the prices of government-built houses. Such practice has produced a very bad impact on the masses.

The Construction Ministry's circular reiterated that all government-built houses (including those under direct administration of real estate departments, and those managed by all units) are to be sold at full price. Selling with any form of subsidy or limited ownership must be terminated immediately. Prices of all new houses to be sold to workers should be based on construction costs and compensational fees for land requisition and removal of old houses. Prices of old houses should be based on reconstruction costs minus depreciation charge, with consideration for construction quality, environment, and other factors. Selling prices of old detached houses constructed with bricks and concrete generally should not be less than 120 yuan per square meter of floor space.

The circular also urged real estate administration departments in all localities to set up house price assessing organs as soon as possible to decide the price of houses to be sold by various units. The circular said: Plans of all localities to sell government-built houses must be submitted to local provincial government for approval before they are implemented. All localities should inspect and clear all government-built houses sold after March 1986. Make-up payment should be collected for those sold at low prices, or ownership of the houses will be taken back. Otherwise, real estate administration departments will not issue ownership certificate and certificate for use of land. Cadres who abuse power for

their personal gains should be sternly handled. Leaders responsible for selling government-built houses at low prices in the future will be investigated for neglect of duty.

Government To Build Two Hydroelectric Stations
OW1906152288 Beijing XINHUA in English
1213 GMT 19 Jun 88

[Text] Nanning, June 19 (XINHUA) — China will build two large hydroelectric power stations on the Hongshui River in southwest China.

A local official said here today that the projected Tianshengqiao station will have a designed power generating capacity of 2.4 million kilowatts and the Longtan station four million kilowatts, the largest of the kind in China.

They will be funded jointly by the Ministry of Energy Resources, the State Energy Investment Corporation and the governments of Guangdong and Guizhou Provinces and the Guangxi Zhuang Autonomous Region, according to an agreement and letter of intent concluded here Saturday.

This is the first time in China that the state and localities jointly fund a large power project.

The official said when the two stations will help alleviate the power shortage in southwest China.

Caution Urged on Large-Scale Land Management
HK1906071888 Beijing RENMIN RIBAO
in Chinese 7 Jun 88 p 2

[RENMIN RIBAO article by Wang Wende (3769 2429 1795): "We Should Not Rush Headlong Into Large-Scale Land Management"]

[Text] In recent years, some places, mainly economically developed ones, have vigorously developed large-scale land management and this has played an active part in alleviating and checking the situation in which some peasants gave up farming and left the land uncultivated, in rationally arranging the interest relations of the labor forces engaging in industry and agriculture, and in exploring the road of future agricultural development of our country. However, we must not exaggerate impractically the realistic role of large-scale management because of this, nor should we rush headlong into artificially speeding up "large-scale management" because of this. In this matter, we must seriously study the present situation of our agriculture and adopt a calm attitude.

Over the past few years, some places have gone in for large-scale management without seriously studying whether or not there are conditions and whether or not the masses are voluntary but just simply allowed the upper-level leaders to make a decision, to assign a task, and even to issue an order to rigidly recover contract

farmland from peasants. In propaganda, they have over-emphasized the aspect of "rigid control" in two-tier management in the rural cooperative economy and gradually pitched the tune of "speeding up the progress of large-scale land management" to a higher key. This has caused bad social reaction and consequences among the peasants.

The peasants, particularly the peasants of the moderately economically developed places and poor places, are universally worried about a change in the policy and about "going in for the establishment of cooperatives again." The phenomenon of only cultivation without upkeep of land in some places is even more serious. A provincial agricultural department director said: "Once the encouragement of large-scale management is publicized, when peasants are farming, they do not manure the fields."

This actual situation shows that the peasants' mental limits are unsuitable to large-scale management. In fact, over the past few years, the big households contracting for land management and large-scale management organizations of some places have not ensured self-development and the majority of them have even relied on a large amount of subsidies and bonuses to support "large-scale management." In a village of a certain province in east China, the amount of subsidy for each mu of the farmland under large-scale management is as high as 100 yuan but the net income from each mu of the farmland is only some 100 yuan; a prefecture of a certain province in north China has implemented a preferential and protective policy toward the big contract households which possess 30-150 mu of arable land each by supplying them with materials for agricultural use which are in short supply, including superior seeds, chemical fertilizers, agricultural chemicals, plastic sheets, and diesel oil, needed for production. Some peasants said disapprovingly said: "If my household does not farm well, my household will hunger; if your household which carries out large-scale management does not farm well, harm will be done to eight to 10 households!"

The Chinese peasants' affection for the land and their tenacity of land management can hardly be compared with that of the peasants of the other countries. "Large-scale management" of land cannot now be accepted by the great majority of the peasants because the system of contracted responsibilities on the household basis with remuneration linked to output still contains enormous capacity. So long as the input can catch up with the situation, reliable income can be obtained from the present contract arable land.

Even if a relatively considerable income can be obtained from the industry, the great majority of the peasants in the places where township and town enterprises are relatively developed are unwilling to discard their arable land. In Guangdong Province where the labor-intensive enterprises have developed very quickly, the comrades of the provincial agricultural commission said that they

had noted such a basic fact that the agricultural labor force, 40 years old and over, is unwilling to go to a factory to learn technology again and to accept an 8-hour day; the peasants' normal farmland labor age can generally reach 70 or so. It cannot be expected that many peasants of this age group will shift to the secondary and tertiary industries. The comrades of the provincial agricultural commission said: "It will require many years before Guangdong can really commence large-scale management of large areas of land."

The departments concerned investigated 20 villages in the suburbs of economically developed Shanghai and the investigation reveals: If it is calculated on the basis of the funds for subsidizing agriculture in 1986, at least 10 years is needed before these 20 villages can really possess the material conditions for agricultural management on a moderate scale.

One of the marked signs of large-scale agricultural management is the relatively high level of mechanization. In view of this, some people have noted the insufficient staying power of agriculture to the small-scale management in the system of contracted responsibilities with remuneration linked to output which restricts the development of agricultural mechanization. These comrades have ignored such a fact: Because they cannot buy diesel oil or the price of oil is too high, peasants cannot operate their machinery. Peasants want to farm well but they cannot buy the materials urgently needed, including chemical fertilizers and plastic sheets. This seriously restricts people from giving play to the role of the agricultural machinery.

These are the problems which our country cannot solve in a short period. Regarding the services in the aspects of plant protection, superior seeds, chemical fertilizers, information, technology, processing, storage, transport, supply, and marketing, they are far from meeting the needs of large-scale management.

The 13th CPC Congress report points out that "It is necessary to consolidate and perfect many forms of the system of contracted responsibilities with remuneration linked to output with household management as the main form, to vigorously encourage part-time management, and to establish the system of socialized service. In the places where conditions permit, it is essential to encourage and advocate many forms of cooperation and combination on the basis of the principles of voluntary participation and mutual benefit and to gradually attain the target of rational large-scale management." Such a theory completely conforms to the present situation of agriculture of our country at the current stage. In light of the situation of the practical agricultural productive force of our country, we can only give such an answer to the progress of large-scale management: The urgent task of the rural work is to improve the macroenvironment of rural economic development, to continuously implement the system of contracted responsibilities with remuneration linked to output, to arouse the enthusiasm

of thousands upon thousands of households, and to give play to the strong points of intensive and meticulous farming. While encouraging peasants' households to carry out part-time management, we must carry out intensive management at a higher level; as there are now no conditions for carrying out large-scale management, the chance is still remote for the whole country to popularize large-scale management. We must by no means make the same mistakes of rash advance and resorting to coercion and commandism again as those at the time of the establishment of agricultural cooperatives.

Culture Minister Wang Meng on Literature, Art
HK1606070188 Beijing LIAOWANG in Chinese
No 22, 30 May 88 pp 27-28

[Article by Yin Jindi (3009 6855 6982): "Wang Meng on the Implementation of the More Open and Flexible Literature and Art Policy"]

[Text] Structural reform carried out by art troupes with an aim to "emancipate artistic productive forces and arouse the enthusiasm of various quarters in the society" is actively and cautiously surging ahead. More than 200 leaders in charge of cultural work from various provinces, municipalities and autonomous regions throughout the country recently gathered in Beijing to discuss "Suggestions on Speeding Up and Deepening Structural Reforms in Art Troupes" put forth by the Ministry of Culture.

Calm and Unruffled Contention in the Literary Circles
[subhead]

Minister of Culture Wang Meng said: the idea of "double-track system" for art troupes proposed by the meeting is a great breakthrough. He added: the idea of letting government's cultural departments and the society run art troupes means that the majority of art troupes should be run by the society, including individuals and the collectives, and that they should not be exclusively run by the government. This has demonstrated a more open and flexible policy for the development of literature and art.

Wang Meng maintained: At present the social environment and political climate are fine. In particular, one year or so following the convening of the 13th Party Congress, the entire literature and art front is comparatively calm and stable. Calmness and stability prevail. The entire front is not in a state of vacillation and fluctuation. Under such circumstance, our writers and artists can possibly avoid interference. They can concentrate their efforts on the practice of artistic creation.

This minister, who was once a writer, went on to say: During a long period of time in the past, literature and art were regarded as a tool for political movement. They became a "barometer" of the class struggle. Under such circumstances, it is difficult to imagine the reform of the

literature and art undertaking. It was difficult to consider the possibility of running art troupes by individuals, enterprises, or the collective.

Calmness and stability do not mean standstill. Exploration and discussion are needed in order to promote literature and art creation, and carry out artistic reforms. Under the present stable and excellent environment, the defect, if any, is that contention has not yet been sufficiently carried out.

Wang Meng held: Contention is a good thing. Heated contention marks the liveliness of the literature and art circles. For example, the films "Lao Jing" and "Red Sorghum" won international awards. Some people highly praise these films, whereas others do not like them. WENHUI BAO, BEIJING WANBAO, and WENHUI DIANYING SHIBAO [WENHUI MOVIE JOURNAL] held heated discussions on these films. It was good for them to do so. These films receive awards, but you may also criticize them. Through debate and exchange of views, we may discuss what we have gained and lost in the artistic field. Debate literature is by no means less active than movies. Liu Xinwu, editor-in-chief of RENMIN WENXUE and writer, published an article entitled "The Chinese Writers and the Contemporary World" in RENMIN RIBAO. It has been learned that Zhang Xinxin, a young female writer, will soon publish an article to refute Liu's views. People in the literature and art circle are discussing this matter enthusiastically. The party and government leaders will not meddle in their discussions, so that friends in literature and art circles can reach their own conclusion through exploration, debates and criticisms. The party and government are creating good social environment and climate for the development of literature and art. The plan for reform worked out by the Ministry of Culture for the structural reform of art troupes is based on the practice and discussions over the past few years. We invite again leaders in charge of cultural affairs from various regions to come to discuss the plan. We have delegated power to provinces, municipalities and autonomous regions, so that they can make their own separate policy decisions.

An Attitude of Seeking Truth From Facts Is Needed in Order To Head for the World [subhead]

When talking about the popular topic of letting literature and art head for the world, Wang Meng maintained that Literature and art are different from sports. Sports competitions follow unified rules and regulations, but literature and art are much more complicated. However, people of other countries are becoming more and more interested in Chinese literature and art. They are interested in Chinese literature, movie, music, dance, and so on. In the meantime, for various reasons, Chinese literature and art heading for the world is also limited to a certain extent.

First of all, the Chinese culture, language and characters are unique. Books written by the Chinese can be popularized in the world only through translations. Many foreigners are interested in China's Beijing Opera. Students in Hawaii of the United States performed Beijing Opera in English. It can be said that Beijing Opera is heading for the world. However, China's Beijing Opera is not so popular in the world as is Italian opera. It is impossible for Beijing Opera to be so popular. There are many common features in European culture. Italian operas are performed throughout the whole world. Apart from cultural uniqueness and language barrier, whether the opera of a certain country can be popular in the world is inseparable from the cultural influence of the country, and the status of the country and nation in the world.

Wang Meng stressed with confidence: With China's success in its construction, and the enhancement of its status in the world, Chinese culture will increasingly gain the attention and interest of the world. We should be optimistic about this. In the meantime, we should also realize that this will be a long process. Besides, there are many obstacles, including those in ideology. Of course, these barriers are being reduced gradually.

The conclusion made by the minister was: Reform and opening up are beneficial to Chinese culture heading for the world. The key lies in our producing excellent works. If we produce excellent works, Chinese culture will be accepted by many people. But this is not absolute. Even a slightly educated Chinese might think that the Chinese classical work "The Dream of the Red Chamber" is an excellent work. However, the translation of the works is not fully appraised in the world. This shows that it is difficult to eliminate at one gulp such great differences in social languages, cultural backgrounds and so on. Therefore, we should adopt an attitude of opening up, attach importance to cultural exchanges with various countries in the world, and learn from good things of other countries. In the meantime, we should adopt an attitude of seeking truth from facts.

With regard to the matter that Chinese literature and art works are awarded in the world, we should neither make a great fanfare, nor be suspicious of other countries' intention. Some people have regarded the award as an insult to us. This is a very fantastic idea. This shows that they lack self-confidence. It is difficult to imagine that awards presented by other countries are an insult to us, although our artistic views are different from theirs. Instead of groundlessly suspecting the motive of the foreigners, it would be better for us to explore the strong points and weakness of our works.

A New Understanding of the "Sense of Crisis" [subhead]

Of late, people inside and outside the literature and art circles like to use the term "crisis" to describe the depression of certain artistic forms. Cultural Minister Wang Meng has his own unique view on this problem. He said: the key lies in from what angle we view the

"crisis." As far as the creative activities of the artists are concerned, we should realize that crisis has constantly existed in them, because artistic creative activities are a process of continuously overcoming crisis, and continuously bringing forth new ideas. The more sense of crisis we have the better. It is because achievements themselves are a kind of crisis. It is difficult for those, who have made achievements, to attain a yet higher goal. If he fails to do so, this means a crisis in his creative work. The achievements of others are also a crisis for himself. For example, many people are writing and staging plays. Is there any of them who can surpass the achievements of Cao Yu's "Beijing Men," "Thunder Storm," and "The Rising Sun?" As far as artistic forms are concerned, "crises" have also occurred in stagecraft, classical art, and other serious art. This is mainly due to the influence of the art of Hong Kong and Taiwan as a result of the implementation of the policy of opening up. The number of people watching Beijing Opera is getting smaller and smaller, because many young people are attracted by television, pop songs, and ballrooms. In the meantime, some serious works are being influenced by popular art. This is also a fact. In this sense, "crisis" is a new challenge. Can serious art take up the challenge? This is determined by whether it can retain our national tradition, and make a new breakthrough.

Beijing Opera is a kind of age-old artistic form. It needs blazing new trails, and retaining tradition. Some classical works in national and Western music should also be handed down from generation to generation.

There is another kind of "crisis" which bears the characteristics of the society and the times. It is a crisis based on the drastic changes in the concept of value. Shortly after the founding of New China, we all sang songs like "The Sky of the Liberated Area," "The White-Haired Girl," "The Hatred of Blood and Tear," and so on. When these songs were sung on a grand occasion, both the singers and the audience struck a sympathetic chord. Now this situation never occurs anymore. At present, Chinese society is changing very rapidly. Shortly after the fall of the "gang of four," a number of works which criticized the "Great Cultural Revolution" were warmly welcomed, such as Liu Xinwu's "Class Master," Wang Yaping's "A Sacred Mission," and so on. Now such works are no longer so enthusiastically welcomed even though they are well written. New concept of value, new aesthetic standards, new forms, new methods for artistic creation...are new characteristics in our cultural and artistic life.

In addition, the policy of opening up has also greatly broadened and widened people's field of vision, and changed their tastes. Nowadays, our readers and audience are more fastidious. Their demands are many and varied. It is more difficult for us to find artistic works which are unanimously praised by the masses. All these are normal, and a good thing.

Nobody knows when the greatest and the best artistic works can occur. They might have occurred, but have not been discovered by the people. We need time to test them. Some people say that there are no great works in China. They should not say so. For example, when "The Dream of the Red Chamber" was first published, nobody recognized it as a great work. Its greatness was discovered in the past 100 years or so. Whether our present works are great or not will be proved after, at least, 20 years of practice. Some people say that great works will soon be produced in China. It is difficult to predict. Will great works be produced under good social environment, or good conditions? Nobody can foretell this. The greatest Chinese writers, such as Qu Yuan, Cao Xueqing, Lu Xun and so on, or the great foreign writers such as Tolstoy, Balzac, Dickens, and so on occurred when the social contradictions were most acute, and social conditions were hardest. This cannot be predicted, because writers cannot be artificially created. Cao Xueqing was great. However, now if we let him live in a luxurious hotel, or offer him a high post, he might not be able to write great works like "The Dream of the Red Chamber." However, it is not necessary for us to deliberately create poor environment for our writers.

The most important "crisis" comes from the changes in the concept of value brought about by the changing ideological trend. I have an intimate knowledge of this. In 1978, 1979, and 1980, we, writers who were just emancipated from the "Great Cultural Revolution," got together. We were full of confidence to seek after something. What did we seek after? Our goals were clear and definite. We intended to fight against the consequences of the "Great Cultural Revolution," cultural autocracy, and the ultraleftist line. We intended to restore the true features of history, culture and realism. At that time, although we were shabbily dressed, we were extremely enthusiastic. We were not yet recovered from a fright. After a certain period of time, after being entertained and welcomed here and there, our writers and artists began walking on air, or regarded themselves as infallible. They did not know what to do, or what to seek after. They did not know what kind of ideal they should cherish. Therefore, under the new situation what kind of new concept of value should we form? This is a problem worth exploring. This is a problem which has been placed in front of Chinese writers and artists.

Wang Meng believed that free literature and art neither mean weightless [shi zhong 1136 6850] literature and art, nor valueless literature and art. They are not literature and art which merely follow the new tidal current. Our literature and art should still be imbued with ideals and enthusiasm, and have something to seek after. Therefore, "crisis" means constantly facing new problems, and making continuous exploration. The "crisis" itself marks a great progress.

Establishing a Vigorous New System for Art Troupes [sub-head]

Wang Meng said: our country has entered a new historical period. Our political situation is characterized by stability and unity, and our productive forces are developing continuously. People's livelihood has been continually enhanced. The formulation and implementation of the policy of reform and opening up have increasingly enlivened people's ideology. Various means of propagation have been extensively applied in the cultural and art field. We are also influenced by artistic forms from foreign countries. All these have enabled people from various quarters in the society to put forth many and varied demands on culture and art. They have also broadened their tastes for culture and art. All this has compelled us to reform the old literature and art system, which is not in line with the development of the times, and to establish a new and vigorous system for our art troupes.

He continued to say: Our purpose in reforming the system for art troupes, and implementing the "double-track system" is to emancipate the productive forces of art, to arouse the enthusiasm of various quarters in the society to run cultural and art undertaking, to give play to the enthusiasm and initiative of various kinds of art troupes, and the broad masses of art workers, and to tap the potentials of our cultural facilities to the greatest extent, so that our socialist literature and art undertaking will flourish further, the cultural life of the masses will be further enriched, and the cultural quality of the entire nation will be enhanced. In such a way, our society will become more stable, united, democratic and harmonious.

The Minister of Culture regarded the reform as a "more open and flexible cultural policy." Individuals, enterprises, and the collectives may run art troupes, or organize artistic performances. Artistic performances of business and profit-making nature are also allowed. Art troupes are allowed to employ "agents." Literature and art service can be used for the purpose of making profits. The previous method of exclusively running art troupes by the government should be given up. This means a great change in ownership. The direct control of the state and government has now been turned into an indirect one. The indirect control can be exercised through financial subsidies, granting awards, and so on. The fact that art troupes are allowed to make profits does not mean that they are entirely commercialized. The state may run a small number of more important and high-quality art troupes.

Some people worry about the possibility that with the implementation of the policy, the funds allocated by the state for literature and art undertaking will be reduced, and that once the state has got rid of these art troupes, it will not care a damn for them in the future. Wang Meng believed that this was a misunderstanding. The funds allocated by the state for the cultural undertaking (including those for supporting art organizations) will never be reduced even by a single cent. With the development of social economy, the funds will be increased. But the practice of "everyone eating from the same big

pot," "providing special subsidies for certain individuals," and "providing certain individuals with a proper livelihood" must be changed. The money must be spent on promoting the progress of the literature and art cause.

In conclusion, Wang Meng stressed: A more flexible and varied methods will be employed by art troupes to organize their performances. The mechanisms of competition will be introduced into art troupes. Of course, the competition must, first of all, be a competition in art. Through competition, a new and more vigorous situation will occur in our artistic undertaking.

Construction Begins on Long March Tablets Garden
OW1706003288 Beijing XINHUA Domestic Service
in Chinese 1422 GMT 12 Jun 88

[By reporter Nie Nianxin]

[Text] Chengdu, 12 Jun (XINHUA) — The construction of a large memorial tablets garden that will recall the magnificent feat of the 10,000-li Long March by the Chinese Workers' and Peasants' Red Army was started today with a foundation-laying ceremony in Songpan County, Sichuan.

Songpan is the place that bears the footprints left by the First, Second and Fourth Front Armies of the Red Army during the Long March. It was where the Red Army started its trek across the marshland. It was here the famous "Maoergai Conference" was held. The decision to erect the tablets in this county of historical significance was made by the Secretariat of the CPC Central Committee and the Central Military Commission. At a meeting to select the locality for the tablets garden, Comrade Yang Shangkun made the call that "the memorial tablets should be erected in the shape of a three-dimensional sculpture. With a stance that is both solemn and stirring, the sculpture shall present the theme showing the Red Army fighters, one stepping into the breach as another fell, advancing heroically along the path of the Long March, braving all dangers and difficulties and making tremendous sacrifices with their own blood and lives."

The memorial tablets garden, the construction of which was started today, embodies this theme. The entire garden will measure 55.3 mu in size. Spreading out with the mountainous terrain, it faces a stretch of grassland with the mountain on its back. Surrounded by the mountain and a river, the place is a majestic sight viewed either at close distance or from afar. The principal part of the project will consist of the main tablet and a cluster of large sculptures. The main tablet will measure more than 40 meters high. It has a golden colored coating and a 14-meter tall bronze statue of a Red Army fighter standing on its top. The statue, with a gun in its right hand and a bouquet in the left, stands with both hands

held high in the shape of a "V" as a symbol of unity and victory. The tablet is inlaid at the bottom with white marble that is shaped in the word "mountain" and the base of the tablet is of green marble. This signifies that it is erected amid a snow mountain and marshland. The cluster of large sculptures reflects in different angles the arduous course traversed by the Red Army during the Long March.

A meeting was held in Chengdu today to commemorate the construction of the tablets garden. It was attended by

Zhang Aiping, Wu Xiuquan, Yang Rudai, Zhang Hao-ruo, Fu Quanyou and Wan Haifeng, as well as representatives of the Red Army veterans in the three PLA general departments, the Navy, the Air Force and the Commission of Science, Technology and Industry for National Defense.

The principal part of the project will be completed by National Day next year.

East Region

Anhui Offers Investors Preferential Treatment *OW1806220488 Beijing XINHUA in English* *1420 GMT 18 Jun 88*

[Text] Hefei, June 18 (XINHUA) — The Anhui provincial government has recently drawn up preferential policies to attract more foreign funds, a local official said here today.

He said foreign and Chinese traders from other places are now allowed to run the existing state-owned or collectively-owned enterprises of the province by contract.

Enterprises [words indistinct] the lease and purchase. The foreign traders can run these enterprises according to international practice. They will enjoy the same treatment and benefits as sino-foreign joint ventures, cooperative enterprises and solely foreign-funded enterprises.

The Sino-foreign joint ventures and cooperative enterprises engaged in low-profit sectors or those established in poor counties will be exempted from income tax during the first nine years of production. They will continue to enjoy tax reductions from the sixth to 15th year.

The foreign-funded enterprises will enjoy exemption from local income tax and exemption or reduction of land-use fees. Priority will be given to them in the supply of materials, power, equipment, transport and communications facilities for their production needs.

The province will set up an office to take charge of the approval of projects using foreign funds and introducing technology.

Located in the eastern part of China, Anhui Province is rich in natural resources including coal, iron, copper and aluminum.

In the coming years, the province will focus funds on light industry, energy, raw materials, machinery, electronics and highway, railway and river transport construction and communications.

New Shanghai Mayor Zhu Rongji Profiled *HK1906073488 Hong Kong LIAOWANG OVERSEAS* *EDITION in Chinese No 22, 30 May 88 pp 30-31*

[Article by Chen Maodi (7115 3029 1717) and Li Zhiyong (2621 1807 0516): "Newly Appointed Shanghai Mayor Zhu Rongji"]

[Text] As Shanghai is China's largest industrial city, the candidates for its mayor have always been the focus of world attention. When 59-year-old Zhu Rongji was elected mayor of Shanghai at the ninth municipal People's Congress in April, he immediately became a man of

the year. Viewed from public opinion and the media, Zhu Rongji is a practical, enthusiastic, and confident economic, technological, and management expert with a rigorous style of work.

Wrongly Classified as a 'Rightist' [subhead]

Zhu Rongji's principle is "independent thinking." He paid a huge price for this. He underwent a tortuous experience for 20 long years.

Zhu Rongji was born in Changsha, Hunan in 1928. Zhu joined the progressive student movement after he entered Qinghua University, China's famous institution of higher learning, in 1947. He was once chairman of the students' union of Qinghua University. He joined the CPC in October 1949. He graduated from the Electrical Machinery Faculty of Qinghua University in 1951. In the next 30 odd years, he assumed posts in China's highest economic planning management departments which included the State Planning Commission and the State Economic Commission.

Zhu Rongji's tortuous experience started in 1957 when he was mistakenly classified a "rightist." He was then a responsible person of an office and secretary to the vice minister of the State Planning Commission. Following the "free airing of views," Zhu was also encouraged to make criticism and comments. He delivered a 3-minute speech. At first, his comments were considered "constructive." However, the comments later were the grounds for labeling him a "rightist." Compared with the large numbers of "rightists" at that time, he was not punished sternly. Although he was expelled from the party, he assumed a post at a lower grade in the State Planning Commission. Zhu Rongji's rehabilitation was announced in 1979 following the 3d Plenary Session of the 11th CPC Central Committee. He was transferred to the State Economic Commission in 1979 and assumed the office of member of the State Economic Commission and concurrently chief of the Technical Transformation Bureau and vice minister of the State Economic Commission from 1982 onward.

Although Zhu Rongji underwent many frustrations, he maintained an honest and upright character. He dared speak the truth and express his own views. Following the downfall of the "gang of four," Zhu Rongji was against the excessively high economic planning targets set at that time. He insisted on his own views and expressed his opinions to the higher levels, winning approval of a central leader.

A Conscientious, Meticulous Man of Action [subhead]

Zhu Rongji was formerly vice minister of the State Economic Commission. In the months after his transfer to Shanghai, he devoted himself to the city's enterprise contracted operation, foreign trade structural reform, and building of farm and sideline products bases, leaving an impression of a conscientious, meticulous man of

action among Shanghai cadres and masses. Actually, he spent the 1988 Spring Festival in the Shanghai suburbs. He went to Chongming Island and Baoshan County to discuss issues concerning production of nonstaple food and reform of the system of purchase and marketing of nonstaple food with the cadres there.

After assuming office, Zhu Rongji decided to take the "vegetable basket" of the citizens as the point of breakthrough to promote the work in Shanghai. Hence, Zhu Rongji became head of a leading group set up in Shanghai to promote production and supply of nonstaple food.

Zhu Rongji is always resolute and meticulous in work. According to a staff member of the general office of the municipal government, since Zhu came to Shanghai a number of medium-level leading cadres have been blamed by Zhu for not grasping the main points while giving an account of their work. While listening to accounts given by his subordinates, Zhu often urges them to come straight to the point and provide accurate figures. When the tasks are assigned, he again urges them to check implementation resolutely and meticulously.

At the First Session of the Ninth Municipal People's Congress held in April, Zhu Rongji criticized bluntly a number of units by name in his "electoral" speech, leaving a good impression with the delegates. His speech drew warm applause from the delegates. Some delegates shouted with excitement: "We should be strict toward cadres."

Zhu Rongji's long-term experience in the State Planning Commission and the State Economic Commission was to his advantage while assuming the office of Shanghai mayor. He was familiar with the process of formulating and implementing the national economic plans and policies and had a rare, macroeconomic sense; he visited many famous large and medium-size enterprises in China and had an intimate understanding of them. Herein lies the reason why he could rapidly grasp the essence of a problem in the economic field.

Nevertheless, Zhu Rongji said on many public occasions that he lacked local and basic-level working experience though he worked in the central organs for a long time. Hence, he must study hard and adapt himself to the new environment.

Establish an "Honest and Efficient" Municipal Government [subhead]

As soon as he assumed the new appointment, Zhu Rongji set forth the target for improving the work style of the new government: Be honest and efficient and serve the people wholeheartedly.

In the "Administrative Program" presented by Zhu Rongji at the closing ceremony of the First Session of the Ninth Shanghai Municipal People's Congress, the tasks to be accomplished by the municipal government included:

Delegate powers resolutely and arouse the enthusiasm of all fields. Zhu said that there are not many cities in the world like Shanghai which has a population of 12 million. It would be impossible for a mayor and several vice mayors to manage the city well. Only by relying on everyone's concerted efforts and allowing everyone to show his special prowess on the premise of unified government decrees can we do a good job of the work in Shanghai. The municipal government made an important decision recently: The right to examine and approve the "three forms of import processing and compensation trade" will all be delegated to the district and county levels. The profits and benefits will also go to these levels. This measure stimulated the enthusiasm of the districts and counties. The number of projects involving "three forms of import processing and compensation trade" increased by a big margin in the 1st quarter of the year.

To increase efficiency, a foreign investment work committee was established recently with Zhu Rongji as its chairman. Zhu said that the organ which operates 24 hours a day will be highly efficient. All members of the committee must be ready to work overtime. The tedious formalities which made foreign investors shrink back in the past will be further simplified.

Zhu Rongji stressed particularly that the government should be free from corruption. He urged the municipal government to check resolutely the practices of eating and drinking extravagantly and take the lead in fostering a plain, honest, and upright work style. From now on, he announced, the responsible persons of the municipal government and cadres of government organs should spend money sparingly on meals when they go to work at the grass-roots levels. The practice of sending gifts should be prohibited at the meetings held by the municipal government. The new government will establish a set of strict regulations to punish sternly according to law those involved in corruption and bribery.

Zhu was also against party and government leaders frequently attending ribbon cutting and celebration activities. Unless stipulated by the state and government, leaders of the municipal government should not attend these activities. Zhu Rongji said: "I will take the lead in implementing this rule. I also hope that all circles in society will show understanding and support and that the people's delegates, the press, and the masses will exercise supervision over me and the new government."

Full of Confidence in the Future [subhead]

When Zhu Rongji assumed the office of mayor, Shanghai's economy encountered temporary difficulties and was also at a favorable turn. Zhu said: "The principle of the central authorities for Shanghai is to develop an export-oriented economy and the policy for Shanghai is to undertake responsibility for its finance. The day for Shanghai's revitalization is not far off." Meanwhile, Zhu soberly realized the difficulties. He said: "Shanghai is now at a historical turning point. Shanghai's economy is

developing from extensive to intensive operation, from an inward to an export-oriented economy, and from a highly centralized planned economy to a planned commodity economy. With the changes in economic life, profound changes will also be effected in social, political, ideological, and cultural fields. In this process, difficulties and problems will inevitably occur time and again."

Confronted with such a situation, Zhu Rongji said that reform should assume a dominant role on the overall situation. He criticized those who grumbled and were depressed when they encountered setbacks and difficulties. Historical experience teaches us that human effort is the most important thing, he said. The destiny of Shanghai is in the hands of the Shanghai people. It will be to no avail to grumble and be in low spirits. Only by uniting as one, taking vigorous action, and dedicating ourselves can we overcome the difficulties.

Hence, Zhu Rongji worked untiringly on the very day of his arrival in Shanghai. Although he was fond of playing huqin and listening to Beijing opera, he had no time to attend to these activities. Sometimes his wife, who was engaged in studying electricity, had to "force" him to play table tennis to build up his physical strength.

'Roundup' Profiles Shanghai Zone Economy
OW1906180188 Beijing XINHUA in English
1411 GMT 19 Jun 88

["Roundup: Shanghai Economic Zone Picks Up Steam (by correspondents Xuan Fenghua and Shang Lu)" — XINHUA headline]

[Text] Shanghai, June 19 (XINHUA) — The Shanghai Economic Zone, which produces 40 percent of China's industrial output value, is expanding its export-oriented economy to break into the international market.

The zone covers Shanghai Municipality, China's leading manufacturing center, and Jiangsu, Zhejiang, Jiangxi, Anhui and Fujian Provinces.

It covers 640,000 sq km, nearly seven percent of China's landmass, and has 230 million people, 22 percent of the country's population.

Yet in 1987, the zone accounted for a quarter of China's gross national product, national income, retail sales and exports.

Shanghai has decided to focus its economic expansion on exports. The ratio of export commodities to the total value of Shanghai-produced goods will rise from 30 percent to 40 percent in 1992, while the city's earnings from exports will increase from four billion yuan to six billion yuan.

Shanghai plans to attract 720 million U.S. dollars in foreign funds this year to build key infrastructure projects and improve its investment environment.

Zhejiang and Jiangsu Provinces have set up offices to simplify procedures for foreign investors and coordinate the implementation of the open policy.

The number of Zhejiang's cities and counties included in the coastal open area has increased from eight to 37. Their combined area makes up 44 percent of Zhejiang's landmass and its population is 63 percent of Zhejiang's total.

The coastal open area in neighboring Fujian Province has 32 cities and counties, which have 17 million people — 63 percent of Fujian's population.

Ganzhou Prefecture in Jiangxi Province, and the Yangtze River cities of Wuhu, Maanshan, Tongling and Anqing in Anhui Province lead all China's provinces in granting foreign investors the same preferential terms as in the coastal open areas.

The Shanghai Economic Zone is trying to serve as the "head of the dragon (China)" in expanding its export-oriented economy as urged by Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee.

The zone exported 3.5 billion U.S. dollars-worth of goods in the first four months of this year, up 23 percent from the same period in 1987.

It now has 100 factories each earning at least three million U.S. dollars in hard currency from exports a year.

Rural factories have sprung up as a mainstay for the zone's exports. For example, these factories in Fujian Province exported 480 million U.S. dollars-worth of goods last year, 57 percent of Fujian's total.

The authorities in the zone are encouraging enterprises to expand the processing of materials or parts supplied by overseas customers, and compensation trade.

Fujian Province earned 6.6 million U.S. dollars from the processing of client-supplied materials or parts in the first quarter of this year, double the figure for the same period in 1987.

In all, the Shanghai Economic Zone signed 3,000 contracts on processing customer-supplied materials and compensation trade in the first five months of this year. The contracts are worth nearly 100 million U.S. dollars. The zone has become a "hot spot" for foreign investment. By the end of last year it had attracted 5.3 billion U.S. dollars in foreign funds and signed 1,780 economic cooperation projects with overseas firms.

The zone is expected to double the amount of foreign funds by 1990, and will use imported technology and equipment to gradually turn its labor-intensive industries into technology-intensive ones and upgrade products for export.

Moreover the zone has achieved initial successes in contracting overseas engineering projects, and exporting know-how and labor services.

To date, 10,000 workers in the zone have been sent to work on 200 projects in 20 countries. Included are fishing in the gulf, dredging navigation channels in the bay of Mexico and construction of a royal palace in Jordan.

In 1987 the zone received two million foreign tourists and earned 1.3 billion yuan from the tourist industry.

Between 1980 and 1987, Shanghai Municipality was loaned 665 million U.S. dollars by the World Bank for technological upgrading of its industrial enterprises and construction of infrastructure.

It plans to use another 200 million U.S. dollars in loans from the World Bank between 1989 and 1991.

The Shanghai branch of the Industrial and Commercial Bank of China will loan four billion yuan this year to export-oriented enterprises — up 33 percent from last year.

Shanghai Port, the largest of its kind in China, handles more than 100 million tons of cargo annually and has 20 shipping routes to 400 ports worldwide.

The Yangtze River ports of Jiujiang in Jiangxi, and Anhui, Wuhu and Maanshan in Anhui are building modern berths to enable ships carrying export commodities to sail directly abroad.

Chinese economists agree that the Shanghai Economic Zone is capable of serving as the "head of the dragon" in pursuing its export-oriented economy.

For one thing, the increase in the zone's export value outstrips that of its gross domestic product (GDP). The zone produced 282.8 billion yuan-worth of GDP in 1987, up 11 percent from the year before, while its exports were worth 9.4 billion U.S. dollars, up 22 percent.

Central-South Region

Guangdong Leader Calls Price Reform 'Imperative'
HK1806045788 Guangzhou Guangdong Provincial
Service in Mandarin 0400 GMT 18 Jun 88

[Text] Xie Fei, deputy secretary of the provincial party committee, spoke about Guangdong's price reform to a gathering of provincial organ cadres this morning. He said that as a national experimental zone in comprehensive reform, Guangdong must take the lead in breaking through the difficult pass of price reform. This is the unshirkable task laid on us by the CPC Central Committee and the State Council. At the same time, smoothing

out prices is also the requirement of the various reforms being carried out in the province. Guangdong has the right conditions for getting through the pass of price reform.

Xie Fei said that although the price index in the province this year has risen more than in the same period last year, it is imperative we get through this pass, no matter how great the difficulties. If we bungle the good opportunity for price reform and fail to make timely price readjustments, the protracted price inversion is bound to constrain economic development. If we leave this difficult problem to be solved until later and avoid the contradiction, the price we shall have to pay will be greater and the contradictions more numerous. In the end, the conditions for solving the problem will be lost.

On how to break through the pass of price reform, Comrade Xie Fei said that it is necessary to strengthen price control and handle well the relationship between lifting restrictions and exercising control. He said: The more we lift restrictions and promote enlivenment, the more we must strengthen market control. In controlling market prices, we must put a stop to indiscriminate price hikes. We must give scope to the role of the state markets in holding down prices.

Comrade Xie Fei also spoke on the important role in price reform of developing production and invigorating circulation. He also discussed the question of carrying out wage reforms in coordination with price reforms.

Guangdong To Expand Industrial Exports
HK1706124088 Guangzhou Guangdong Provincial
Service in Mandarin 1030 GMT 15 Jun 88

[Text] According to a dispatch from Zhongshan filed by our station correspondent (He Suiyi), during a Guangdong provincial work conference on expanding industrial exports which opened today, the provincial people's government put forward the goals of further expanding Guangdong industrial exports. The following are main points:

First, by the end of this century, the province's foreign exchange income from exports should reach \$20 billion. Of the \$20 billion, \$12 billion should come from industrial exports.

Second, in expanding exports, the province should place emphasis on exporting 13 types of leading products including electronic, stationery, plastic, and wooden products as well as mechanical equipment.

In light of the current provincial situation in which there is no clear superiority in raw and processed materials as well as in the investment environment, Yu Fei and a responsible person from the provincial economic commission disclosed the following information at the conference.

First, Guangdong will establish a number of strategic industries that can play key roles in developing export-oriented industries, and will also place emphasis on developing large projects relating to rolled steel, petrochemical, shipping, automobile, nonferrous metal, and electronics industries.

Second, qualified enterprises and qualified industrial and commercial corporations will be allowed to establish tax-free warehouses; enterprises will be allowed to spend their retention funds or their foreign exchange earnings on purchasing foreign raw and processed materials; and enterprises will be given the power to make their own decisions on purchasing the cheaper production materials they need from the domestic or foreign markets for the purpose of reducing links and costs.

Third, the relevant provincial departments will relax the limits of authority over examining and approving projects for directly introducing foreign investment as well as those projects engaged in processing materials supplied by foreign businessmen, assembling parts supplied by foreign clients, processing according to foreign buyer's samples, and compensation trade.

Fourth, encouragement will be given to the promotion of Chinese-foreign joint ventures and cooperation for the purpose of speeding up technical transformation at old enterprises.

Fifth, in accordance with the province's short-term industrial export goals, the province will establish a number of business consortia that have fairly considerable competitive power in terms of quality, scale, the ability to increase foreign exchange income through export, and international marketing. According to a plan, by 1990, the province will establish a total of 800 key enterprises engaged in winning foreign exchange earnings through export.

Guangzhou Bank Issues 'Great Wall Master Card'
OW1806193188 Beijing XINHUA in English
1201 GMT 18 Jun 88

[Text] Guangzhou, June 18 (XINHUA) — The Guangzhou Branch of the Bank of China started issuing the "Great Wall Master Card" today.

This is the branch's first time to issue an international credit card, a spokesman for the branch said, adding the card can not only be used at more than 1,500 firms in 100 cities nationwide, but is also accepted at 5.4 million locations all over the world.

The card is being issued to foreign firms operating in China, to foreign-funded and Overseas Chinese-funded enterprises, and to those Chinese organizations which often send people abroad.

Bank of China became a member of Master Card International last March.

Guangxi, Guangdong Sign Cooperation Agreement
HK2006023388 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 19 Jun 88

[Excerpts] A Guangdong-Guangxi agreement on stepping up economic and technological cooperation was signed in Nanning yesterday afternoon. Cheng Kejie, vice chairman of the Guangxi regional people's government, and Kuang Ji, vice governor of Guangdong, signed the agreement. [passage omitted]

A 14-man investigation group headed by Guangdong Provincial CPC Committee Secretary Lin Ruo has inspected and visited some factories in Guilin, Liuzhou, and Nanning since 11 June. They held talks with Guangxi leaders on further stepping up economic and technological cooperation, and reached this agreement.

The agreement stipulates that, from 1989, a joint meeting of the province and region will be held in March each year to study guidelines and intentions in economic and technological cooperation, coordinate views, sum up cooperation work in the previous year, and propose projects for the current year.

The agreement said: At present, Guangdong and Guangxi should regard developing the Xi Jiang economic corridor as the tie for promoting closer and more coordinated economic and technological cooperation between Guangzhou, Zhaoqing, and Wuzhou Cities, and Wuzhou and Yulin Prefectures. The two sides should focus on giving scope to their own strong points, make up each other's deficiencies, and develop their own economy.

Guangdong is willing to provide Guangxi with technology, management experiences, and information. In particular, imported technology can be transferred to Guangxi after being digested by Guangdong. Guangxi is willing to afford Guangdong facilities in communications routes and in exploiting resources. The two sides should cooperate with each other in actively developing various types of enterprise consortia and groups, and actively developing economic relations and trade, financial business, tourism, trade contacts, and cooperation in outstanding indigenous products.

The two sides also agreed on minutes of intention regarding exploiting the hydroelectricity resources of the Hongshui He and the nonferrous mines in Guangxi, and organizing a local airline company.

The signing ceremony was attended by Lin Ruo, secretary of the Guangdong provincial party committee; Xie Shihua, vice mayor of Guangzhou; Guangxi party and government leaders Chen Huiguang, Wei Chunshu, Huang Yun, Gan Ku, Jin Baosheng, Tao Aiyang, Li Zhenqian, Huang Jia, Chen Ren, Zhang Chunyuan, and Wang Zhuguang; and Qin Yingji, a member of the Central Advisory Commission.

Hainan Sets Up Overseas Debt Collection Company
OW1706231088 Beijing XINHUA in English
1444 GMT 17 Jun 88

[Text] Haikou, June 17 (XINHUA) — The Hainan Debt Collecting Company, the first state-owned undertaking for collecting overseas debts in China, did a brisk business on its first day of operation today.

The company, under the Hainan Provincial Bureau for Industry and Commerce Administration, has five departments — departments for collecting overseas debts, domestic debts, policy decision, advisory and computer application.

It will safeguard the legitimate rights and interests of enterprises in China by means of legal procedures and with coordination from the Public Security Bureau, procuratorate, courts, customs, and industrial and commercial bureaus.

In addition, the company provides economic legal advisors and litigation agents for Chinese enterprises, Sino-foreign joint ventures, exclusively foreign-funded undertakings and individuals.

Henan Urges Strengthening Price, Market Controls
HK1806024388 Zhengzhou Henan Provincial Service
in Mandarin 1130 GMT 17 Jun 88

[Excerpts] The provincial party committee and government held a provincewide telephone conference last night on strengthening price and market control work. Governor Cheng Weigao presided. The meeting called on provincial party committees and governments at all levels to unify their thinking and enhance their understanding. Following the readjustment of prices of five main nonstaple foods, they should strengthen leadership and solve problems in price and market control.

Vice Governor Qin Kcai pointed out at the meeting: The provincial party committee and government attach extremely great importance to the current price situation and to price work. The principal leading comrades have conducted investigation and study, and the provincial party committee has held a special meeting of its standing committee to look into the current price reform situation and into market and price control. The meeting held that the current price situation in the province is basically good, and the markets are relatively stable and people enjoy relative ease of mind. However, there are also many problems.

We therefore demand that the party committees and governments at all levels enhance their understanding and unify their thinking and tangibly strengthen leadership so as to promote price reforms. They must regard market and price control work as a major affair and grasp it really well. Following the readjustments of nonstaple food prices, the subsidies have not yet been paid out in some places. It is necessary to hurry to get

these subsidies into the masses' hands. The policy must be made good; we must not lose the masses' confidence. Enterprises running at a loss and poor counties that depend on loans to pay wages which are in difficulties as regards paying out subsidies must be helped in resolving their problems by the local governments.

The prefectures, cities, counties, and departments must observe price discipline strictly and obey the unified arrangements of the central authorities. They must not go their own way arbitrarily and refuse to carry out decrees and observe prohibitions.

State-owned commerce must play its part as the main channel and organize sources of supply vigorously. All localities must pay particular attention to arranging supplies of key and sensitive commodities. The utmost efforts must be made to organize supplies of the main foods and nonstaple foods such as grain, oil, meat, eggs, salt, and sugar. [passage omitted]

We must strengthen market control and stabilize market order. We must be resolved to put a stop to the malpractices of indiscriminately imposing charges, fees, and fines in the markets. [passage omitted]

The government at all levels must take comprehensive and coordinated measures to effectively curb the upward trend of market prices. Price reforms must be carried out in accordance with the unified arrangements of the central authorities, and we must strictly act according to the price control jurisdiction limits. Departments and enterprises are prohibited from arbitrarily exceeding their jurisdiction in hiking prices. Offenders must be seriously investigated and dealt with, and corrections must be made. The price departments must concentrate forces and adopt measures to prevent chain reactions and an inflationary trend. [passage omitted]

Qin Kcai said in conclusion: Our reforms have now entered a crucial stage. Price reform is imperative. We must now break through this difficult pass. We must therefore rely on the correct leadership of the CPC Central Committee and the State Council, and also on the concerted arduous efforts of the whole body of the people.

State Experts Sent to Hubei To Help Peasants
OW1806001388 Beijing XINHUA in English
1423 GMT 17 Jun 88

[Text] Wuhan, June 17 (XINHUA) — The peasants of the poor areas of Huanggang Prefecture in Hubei Province are striving to get richer by developing silkworm cocoon production in line with local conditions.

A local official said that the cocoon output of the prefecture now accounts for 70 percent of Hubei's total.

The state has allocated an average of 10 million yuan a year to support the poor areas of Hubei Province but the people in the poor areas of Huanggang Prefecture are still living in backward conditions.

The local peasants did not actively develop the industry in the past because of low purchase prices. But since reforms last year the local peasants have been encouraged to engage in agricultural and sideline production.

The State Science and Technology Commission and Central China Agricultural University have also sent experts to the area to help the peasants get richer. As a result, the output of silkworm cocoons rose and the prefecture produced 2,800 tons of cocoons last year; it is expected to produce 5,000 tons in 1990.

Southwest Region

Guizhou Meeting Stresses Ideological Work
HK1806013788 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 17 Jun 88

[Excerpts] The Guizhou Provincial CPC Committee held a report meeting on 17 June to exchange experiences in ideological and political work. [passage omitted] Present were responsible comrades of the party, government, and Army in the province including Hu Jintao, Liu Zhengwei, Ding Tingmo, and Su Gang. [passage omitted]

Ding Tingmo, deputy secretary of the provincial party committee, gave a speech. He pointed out that complex social contradictions exist in the historic advance of reform and opening up, and especially during the replacement of the old system by the new. We should not be alarmed at these contradictions, nor can we take them lightly. We must do very well at integrating reform and development with social stability. Persevering in reform and concentrating forces to develop the productive forces is the fundamental way out for resolving the large number of social contradictions; social stability can only be promoted through reform.

Ding Tingmo said: In order to strengthen and improve ideological and political work, do a good job in harmonizing and dealing with social contradictions, eliminate factors for instability, and create a stable social environment to ensure the smooth progress of reform and opening up, the provincial party committee has put forward six demands, namely: Establish and perfect a new setup for ideological and political work; in conjunction with reality, patiently and convincingly resolve some problems of ideological understanding widespread among the masses, and establish a social consultation and dialogue system; improve the work style of the organs; step up grass-roots building; create excellent public opinion; and step up education in the legal system and discipline, to enhance the cadres' and masses' awareness of respecting discipline and observing the law.

Ding Tingmo stressed: China's reforms have now entered a crucial stage. A number of very difficult problems that cannot be sidestepped, such as price and wage reforms, face us. It is difficult and risky to further deepen and speed up the reforms. However, our experience is that we should advance through overcoming difficulties and develop through persevering in reform. People want reform. [passage omitted]

Sichuan's Yang on Building Commodity Economy
HK1906024988 Chengdu Sichuan Provincial Service
in Mandarin 0000 GMT 19 Jun 88

[Text] According to SICHUAN RIBAO, the process of building a new order of socialist commodity economy is a process of building the legal system and of reform. This was stated by provincial party committee Secretary Yang Rudai when carrying out investigation and study in Chongqing County on 9 June.

Comrade Yang Rudai said: A current outstanding problem is that of collecting the regulating tax on personal income. He said: Jealousy is an expression of egalitarianism. It greatly hampers the development of commodity economy. We oppose jealousy and encourage some people to get rich ahead of others through labor. There will be no change in this policy. However, regulation tax should be collected on high personal incomes, as decreed by the tax law. In building a new order of socialist commodity economy, we must enforce the legal system and act according to the law.

At present, on the one hand the economy is prospering vigorously, and on the other, there are many loopholes and contradictions. Things have become confused. The masses object to this. These things can hardly be avoided while we are replacing the old system with the new, and also in the initial stage of developing commodity economy. Establishing a new system is a major and comprehensive matter that must undergo a process. This is the process of reform.

Media Officials Address Tibet Conference
HK1906014788 Lhasa Tibet Regional Service
in Mandarin 1330 GMT 18 Jun 88

[Excerpts] The fourth Tibet regional radio and television work conference held a full session on the morning of 18 June. Wang Feng, vice minister of radio, film, and television, made an important speech at the conference. After he had spoken, the meeting held a solemn ceremony to welcome him and his party.

On behalf of the party group and leadership of the ministry, Comrade Wang Feng first warmly congratulated the meeting on gaining its predicted results, and extended cordial regards to the comrades of the radio and television front in the region. He also thanked the regional party committee and government for their care and support for radio and television in Tibet.

He said: To deepen the reforms on the existing basis, work hard to make a success of broadcasting Tibetan-language radio and television programs, and set up a radio and television propaganda system focused on propaganda remain the primary task facing the radio and television front in Tibet. He said: Although we have achieved very great success in the reform of propaganda, there is still a lot of work to do. Our first task now is to shorten the front, highlight the focal points, streamline the programs, and run them well, to meet the needs of the new situation now developing.

Comrade Wang Feng said: In looking at the quality of propaganda, we cannot just look at quantity and at how many programs are broadcast, but must see whether they attract listeners and viewers and yield social benefit. Over 90 percent of the people in Tibet are Tibetan compatriots. We are failing to attach importance to social benefit if we do not step up the development of Tibetan-language radio and television programs. Hence, in the future we must concentrate efforts to do a good job of broadcasting Tibetan news programs, organizing programs on special topics, and broadcasting good and appropriate literature and art programs. We must also step up exchanges with units concerned in the interior, streamline the programs, and expand the sources of programs. Only thus can we create a new situation in radio and television propaganda in Tibet. [passage omitted]

Danzim, deputy secretary of the regional party committee, and Puquin, vice chairman of the regional government, also attended the session. Comrade Danzim stressed in a speech that Comrade Wang Feng's speech was very important and of great guiding significance for improving and developing radio and television work in Tibet. [passage omitted]

Li Weilun, director of the regional party committee's Propaganda Department, addressed the conference on 17 June. He stressed that the propaganda and media tools of any party must first of all act as the mouthpiece of the party and people. In Tibet, this means stepping up education in patriotism centered on preserving the unity of the motherland and strengthening nationality solidarity.

He pointed out: We are now in what is called the age of information. There are many means and methods of conveying information, but radio and television are the most modern and the most popular. Radio and television work is of particular use and significance in Tibet with its vast area, sparse population, poor communications, and lack of quick access to information.

On the nature and tasks of radio and television work, Li Weilun said: Radio and television naturally play an entertainment role, but they must first of all be the mouthpiece of the party and people and should be given a high degree of attention by the party committees at all levels. We must understand fully and give scope to the role of radio and television in the current struggle

between separatism and opposition to separatism, and step up education in patriotism centered on preserving the motherland's unity and strengthening nationality solidarity. This is a specific and concentrated expression of upholding the four cardinal principles in Tibet.

In conclusion, Comrade Li Weilun expressed the hope that everyone will further establish the viewpoint of the masses. We must always regard the peasants and herds-men scattered over the vast plateau as our main objects of service, and overcome the present trend to attach much importance to television and to entertainment and little to radio and propaganda. We should ensure that radio and television will become the party's effective mouthpiece and tool and also the people's popular food and friend.

On 18 June, Vice Minister Wang Feng met the first group of cadres from the radio and television system who are assisting Tibet. He said that the focus of assisting Tibet must be on training a large number of technical backbone forces for the region. We must leave a permanent force of talented radio and television personnel for Tibet.

The first group of personnel to assist Tibet, organized by the Ministry of Radio, Film, and Television, started arriving in the region in August 1986. They serve in the region for 2 years. They include engineers, television producers, and journalists.

Vice Minister Wang Feng highly evaluated the achievements of these personnel during their stay in Tibet, especially the work they did during the pacification of the Lhasa riots. He expressed the hope that, in their future work, these personnel will work still harder on comprehensive plans for radio and television in Tibet and train a local professional backbone force for the region. They should overcome the concept of only being in Tibet temporarily, and do still more solid work for the cause of radio and television in Tibet so as to promote its development, to meet the needs of the antiseparatist struggle and of reforms and opening up in Tibet.

Experts in Tibet To Survey Place-names
OW1706132988 Beijing XINHUA in English
1119 GMT 17 Jun 88

[Text] Lhasa, June 17 (XINHUA) — A group of 20 experts has come here to make a general survey of the place names in the Tibet Autonomous Region.

Wang Jitong, head of the group and also secretary-general of the China Place Names Committee, said that the team has come at the invitation of the region to conduct the three-year long survey.

The United Nations set up a committee to record and rectify place names in 1965. The group decided to transliterate the names of Chinese places into the Chinese phonetic alphabet in 1973. China sent representatives to the committee in 1975, Wang said.

He said that after the survey pejorative place names will be changed and vague names clarified in accordance with the wishes of the local people. Then a dictionary of Tibetan place names and other reference material will be published.

Yunnan Secretary Reviews Reform Situation
HK2006031188 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 19 Jun 88

[Excerpts] The Yunnan Provincial CPC Committee held a report meeting yesterday afternoon. Secretary Pu Chaozhu reported to the provincial CPPCC and democratic parties on the current reform situation and policies and on the question of keeping the party and government organs and cadres incorruptible. Present at the meeting were Nie Ronggui and Liu Shusheng, deputy secretaries of the provincial party committee; responsible persons of the provincial CPPCC and democratic parties; responsible persons of relevant mass organizations; NPC and CPPCC members in Kunming; and some well-known figures in Yunnan religious circles. [passage omitted]

After reviewing the successes of reforms in the past 9 years, Pu Chaozhu said that the development of the situation in reform has now deepened to the key stage of solving problems in prices, wages, and the labor system. This is a difficult and risky stage. This is the difficult pass we have now encountered in deepening the reforms. Apart from some nonstaple foods, prices of some industrial goods have also risen this year. This is unavoidable. The price issue has become a hot topic of discussion in society.

Pu Chaozhu said: In raising prices, we must consider how much the people can endure. The method is for the state to provide subsidies or increase wages. Price and wage reforms must be done as a complete set. However, it is very difficult to resolve this problem. We must tell the masses the truth regarding this point and clearly inform them of the difficulties.

On a number of major policies and ideas on currently deepening the reforms, Pu Chaozhu pointed out that our ways of getting through the difficult pass of price reform are as follows:

1. Get a good grasp of the double increase and double economy drive, develop production, improve economic returns, and develop new sources of revenue.

2. This year and next, the construction of all large modern buildings will be halted, and fewer or no new construction projects will be launched. In this way we must make money available for supporting reforms.

Pu Chaozhu said: I believe the party members, cadres, and masses throughout the province are capable of tolerating the difficulties and of withstanding the test of getting through this difficult pass in deepening the reforms, for the sake of bearing in mind the overall situation of reform.

On wage reform issues, Pu Chaozhu said: The principle in wage reform is that consumption growth cannot exceed production growth; we must continue to eliminate egalitarianism and the big pot of rice; wage system questions cannot all be dealt with in the same way irrespective of local conditions; and wages must be linked to economic returns. In stressing reform, we want to improve economic returns and labor productivity.

Pu Chaozhu proposed a number of basic guarantees for deepening the reforms: 1) Strengthen and improve the party's ideological and political work. 2) The party and government organs and their leading cadres must be incorruptible and guard against corruption. 3) We must have a political environment of stability and unity. We must punish resolutely according to law those lawless elements who sabotage reforms, stability, and unity.

Pu Chaozhu stressed that at the crucial moment when reforms have entered the state of traversing the difficult pass, the party and CYL members must strengthen discipline. They may not do or say things that undermine reform.

In conclusion, Pu Chaozhu expressed the hope that the CPPCC members and democratic party figures present will do a good job in preserving stability and unity through various channels.

North Region

Beijing Industrial Output Sets New Record
OW1806122388 Beijing XINHUA in English
0618 GMT 18 Jun 88

[Text] Beijing, June 18 (XINHUA)— Beijing's industrial output value hit a new record last month, today's BEIJING DAILY reported.

Industrial output was valued at 3.49 billion yuan (about 941 million U.S. dollars), up 14.2 percent over last May, according to the city's Industrial Department.

Production increased in 58 of 91 fixed products; in 34, including steel products, power facilities, industrial boilers and cameras, the increase surpassed 10 percent.

The Beijing Railway Administration handled 3.1 percent more passengers and 7.4 percent more shipments than in May, 1987, the report said.

The city's total industrial earnings this year to the end of May have been 16.22 billion yuan (about 4.38 billion U.S. dollars), up 14.6 percent over the same period last year.

Hebei's Xing Speaks at Armed Forces Conference
SK2006030788 Shijiazhuang HEBEI RIBAO
in Chinese 4 Jun 88 p 1

[Excerpts] The provincial work conference on the building of the people's armed forces departments concluded on the afternoon of 3 June after a 5-day session. [passage omitted]

After awards were presented to 53 advanced units which had distinguished themselves in the building of the people's armed forces departments, Zhou Wenyuan, deputy director of the General Political Department; Chen Chao, director of the Mobilization Department of the General Staff Department; Li Laizhu, deputy commander of the Beijing Military Region; and Xing Chongzhi, secretary of the provincial party committee, delivered speeches. They fully affirmed our province's experiences and achievements in building the national defense reserve forces, and put forward expectations and requirements concerning how to achieve success in the building of the people's armed forces departments, in the militia and reserve forces work, and in the national defense education of the people. Zhou Wenyuan said that some very important jobs in strengthening the building of the people's armed forces departments are: to be respectful of, and subordinate to, the leadership of local party committees and governments and higher military authorities; to strengthen the people's armed forces departments ideologically and organizationally so that they will become strong combat collectives with firm political awareness, loyalty to the national defense causes, outstanding military quality, the competence to give orders corresponding to their own levels, strict workstyles and discipline, the capability to implement the orders and instructions of higher military and government leading orders unflinching; to unite with the people in and outside their own departments, to establish good relations with other departments; to achieve notable results in supporting their own departments with labor; to have a good guarantee for their livelihood; to have party committees that can play a strong key role; and to have healthy practices. Xing Chongzhi said: Party committees and governments at various levels should make sure that people's armed forces departments devote their major efforts to the militia and reserve forces work, and people's armed forces departments should not think that they can slacken efforts in this work just because they were put under the administration of local authorities. National defense education should be regarded as a regular task for the entire society. Party committees and governments should attach great importance to it, and propaganda, education, culture, press and publication departments should cooperate and adopt various measures to make it vivid and take root in the hearts of the people.

Governor on Opening Hebei to Outside Investment
OW2006012588 Beijing XINHUA Domestic Service
in Chinese 1408 GMT 16 Jun 88

[Text] Beijing, 16 Jun (XINHUA) — At a news briefing at the Great Hall of the People today, Yue Qifeng, governor of Hebei, briefed the attendees on Hebei's good investment environment and preferential measures for attracting outside investment.

Encircling Beijing and Tianjin, Hebei is a major Chinese coastal province with rich mineral resources and where industry, agriculture, communications, trade, science, technology, culture, and education are fairly developed. The province's initial achievement in opening to the outside world can be observed from the fact that, in 1987, the province had already established trade relations with 117 countries and regions, and the volume of its foreign trade reached \$1,484 million.

Governor Yue Qifeng said at the news briefing that the State Council has authorized Hebei to set up the Bohai Gulf Open Zone. The zone comprises three cities — Qinhuangdao, Tanshan, and Changzhou — and 12 coastal counties — Changli, Funing, Lulong, Fengnan, Luannan, Luanxian, Leping, Tanghai, Changxian, Qingxian, Huanghua, and Haixing. The zone is fully open to the outside world, he said. The governor added that other prefectures and cities would take positive steps to promote economic and technical cooperation and educational and cultural exchanges with foreign countries.

Governor Yue Qifeng said that, in addition to fully implementing the state's open policies and regulations, Hebei would take measures to improve the investment environment and adopt more preferential policies to ensure investors' legitimate rights and interests. He said Hebei welcomes businessmen of all countries, fellow countrymen in Hong Kong, Macao, and Taiwan, and Overseas Chinese to set up their businesses, as well as joint ventures or cooperative ventures, in Hebei. Hebei also welcomes investors setting up joint and cooperative ventures with existing industrial enterprises within the zone by upgrading their technology; investors may also process export goods by directly utilizing Hebei's resources, or produce goods China has to import; or set up businesses to process supplied materials, process goods according to supplied patterns, assembly supplied parts, and conduct compensatory trade; or set up businesses handling export of labor services.

Yue Qifeng declared at the news briefing that the "Fifth International Negotiations on Economic and Technical Cooperation and Export Commodities" will take place in Shijiazhuang 1-10 September.

Song Renqiong, Wang Renzhong, and other comrades were present at the news briefing.

Inner Mongolia Further Rectifies Party's Style
HK1906075088 Beijing RENMIN RIBAO
in Chinese 6 Jun 88 p 1

[Dispatch by reporters Wang Xuexiao (3769 1331 1321) and Ao Teng (0277 7506): "Nei Monggol Autonomous Regional Party Committee Holds Forums To Discuss Ways To Rectify Party's Work Style"]

[Text] "Further correcting the party's work style and increasing the unifying force and fighting capacity of party organizations is a very important and urgent problem. In our party there is corruption and some corrupt members. Abusing power for personal gain and bureaucracy remain a conspicuous problem. A few corrupt members must be expelled resolutely. The key to correcting the party's work style lies in the boldness to approach the problem, and particularly in the effort to improve the work style of leading party organizations. If the upper beam is not straight, the lower ones will go askew." These remarks were made at a forum by Wang Qun, secretary of the Nei Monggol autonomous regional party committee.

Not long ago, principal leading comrades of the regional party committee held several forums to analyse and study the theory and practice of how to further improve the party's work style and how to increase the unifying force and fighting capacity of party organizations. About 50 to 60 people attended the forums. Some of whom were leading cadres from the regional leading bodies, and organs at the league and city levels, some were comrades responsible for grass-roots party organizations, and others were ordinary party members. At a forum, Shi Rulin, a member of the regional discipline inspection commission, stated: "Some people have said that there are not any ways to improve the party's work style. I do not agree with this viewpoint. Are there really no ways? I think we must try to find ways. Others have said: It is very hard to correct the party's work style. I also do not agree with this point of view. Can we do anything with a wet finger? We should not always talk much about the party's work style, it is now time to take action."

Speaking at a forum, Li Maolin, deputy director of the regional Public Order Department and former secretary of Xinghe County party committee, pointed out: To improve the party's work style in an area, the first thing is that leading bodies must take the lead. If the work style in leading bodies is not good, asking other people to correct their work style becomes no more than empty talk. Xinghe County was once one of the counties where evil tendencies were extremely rampant. However, members of the new party committee, including Li Maolin, took the initiative in correcting their work style. They were strict with themselves in housing, recruiting workers, employment and other problems on which people are apt to make louder complaints. They neither give dinners nor receive gifts. On the eve of last year's New Years Day, a county-run beverage factory presented

a gift of wines to all members of the county party committee standing committee to express thanks for their support. When the Spring Festival was just over, the matter was discussed at a democratic life meeting of the county party committee. At the meeting some members immediately announced that they would give back the gifts, others said that they would pay back with money. Thanks to the exemplary role played by the leading bodies in the past few years, the party work style as well as social mood in Xinghe county have improved considerably.

Some problems relating to the party's work style have appeared as reform and the opening up policy are being carried out. What should we do to rectify the party's work style while we are developing the socialist commodity economy? How should we understand, explore and study the party's work style with the new concepts of reform and opening up. In the 18 years since its establishment, the Hohhot Bearings Plant had all along incurred losses. However, last year it turned from deficits to profits after it had been contracted. Speaking of some rules and regulations, the plant director Yang Wenyi said: Party and government officials as well as professional personnel are received in the plant in different ways. Workers of the plant believe that it is natural and normal to entertain clients and give them a gift of some special local products. However, when party and government officials come to the plant, they are accorded a warm welcome, but no banquets and gifts are given to them. If they happen to come at lunchtime, they are usually asked to have a simple meal in the dining hall. Meanwhile, not a single cadre has ever asked for anything from the plant.

Giving full scope to the supervisory role of party organizations, the masses and public opinion and reducing the soil breeding evil tendencies provide an important guarantee for improving the party's work style. Guo Xizhe, party committee vice secretary of Nei Monggol University, pointed out: Political transparency in the party should be increased and the mechanism restricting party members, and particularly party member leading cadres, should be improved and strengthened.

Tianjin's Li Ruihuan Feted at DPRK Banquet
SK1906112088 Beijing International Service
in Korean 1100 GMT 12 Jun 88

[Text] Comrade So Yun-sok, member of the Political Bureau of the Worker's Party of Korea [WPK] Central Committee and responsible secretary of the South Pyongan WPK Provincial Party Committee, arranged a banquet at the People's Palace of Culture in Pyongyang on the evening of 11 June. He welcomed Comrade Li Ruihuan, member of the Political Bureau of the CPC Central Committee and secretary of the CPC Tianjin Municipal Committee, and his delegation. Comrade Kang Hui-won, candidate member of the Political Bureau of the WPK Central Committee, and responsible

secretary of the Pyongyang WPK Municipal Party Committee attended the banquet. Wen Yezhan, our country's ambassador to Korea, and officials from our embassy were also invited. Comrades So Yun-sok and Li Ruihuan spoke at the banquet.

During his speech, Comrade So Yun-sok said that the peoples of the two countries of Korea and China have forged firm blood ties in the prolonged revolutionary struggle, and that the minds of the two peoples are linked as one, like blood brothers. He also said the Korean people highly evaluate the fact that under the leadership of the CPC, the Chinese people attained great achievements in the four-modernizations construction by maintaining the reform and open-door policies. Comrade So Yun-sok also expressed his appreciation to China, which has always extended support and encouragement to the Korean people's cause of reunification. He additionally said that defending and strengthening the friendship between the two peoples is our common demand. In conclusion, Comrade So Yun-sok expressed his firm belief that Comrade Li Ruihuan's visit to Korea will contribute to consolidating friendship between Korea and China.

Comrade Li Ruihuan in turn said his visit to the DPRK, a friendly neighbor, was a very precious opportunity and that he had personally seen the proud achievements in socialist revolution and construction that the Korean people have attained under the leadership of Comrade President Kim Il-song. He also expressed his expectation that the two parties, countries, and peoples will enjoy great friendship.

Comrade Li Ruihuan additionally stated that the CPC and the Chinese people always arduously support the endless efforts of the WPK and the Korean people to peacefully reunify the fatherland, and that they are very concerned about this. He also expressed his belief that the great Chinese-Korean friendship will be further strengthened and developed by the joint efforts of the two countries' parties and peoples.

New Geothermal Field Found in Tianjin
OW1906140388 Beijing XINHUA in English
1338 GMT 19 Jun 88

[Text] Tianjin, June 19 (XINHUA) — A medium-to-low temperature geothermal field with a big reserve of terrestrial heat has been found in the southern part of the port city of Tianjin.

The reserve of the field, believed the largest of its kind in China, is equivalent to that of a coal mine with a capacity of 1.3 billion tons of standard coal, according to a survey report.

It is spread under the city proper of Tianjin, four suburban districts and part of the Dagang oilfield, covering an area of 1,000 sq km. With a maximum temperature of 88 degrees C, the soft water extracted can be used in production without any treatment.

Meanwhile, the city has sunk 240 geothermal wells, the hot water from which is widely used in the paper making, chemical and foodstuffs-processing industries, and for the cultivation of vegetables and aquatic products.

Northeast Region

Heilongjiang Governor on Development of Plain
SK1906132488 Harbin Heilongjiang Provincial
Service in Mandarin 2100 GMT 18 Jun 88

[Text] At a forum on the comprehensive agricultural development of the Sanjiang Plain, Governor Hou Jie said that in developing and constructing the plain, we should choose the new road of opening up in management and of acquiring the capacity to accumulate funds for development. The forum concluded 18 June.

Governor Hou Jie said: Opening up is the basic policy of our country. In developing the Sanjiang Plain, we should also implement this policy. We should collect funds and materials, and import technology and talented people from both inside and outside the province, and from inside and outside the country. We should also open markets for our commodities. State investment is a kind of supporting fund, and it is only a part, not all, of development funds. We should accumulate funds by ourselves.

Governor Hou Jie then stated: In developing the Sanjiang Plain, we should adopt business operations, the key of which is economic benefits. We should link persistently the input of construction funds to the output of products. We should implement the compensated use of funds, recall these funds before new funds are allocated, and strictly forbid the misuse of funds. We should accelerate the circulation of funds, and make them increase continuously like a snowball to expand production.

Governor Hou Jie continued: In developing the Sanjiang Plain, we should adopt comprehensive development. With the guidance of the overall plan, all units should organize forces to formulate plans for designing and building construction projects as quickly as possible. All cities, counties, farm administrative bureaus, and farms should consider grain and soybeans as their major crops. This is while also developing comprehensively farming, forestry, animal husbandry, sideline production, and fisheries; improving comprehensively water areas, soil, forests, farmland, and roads; and developing comprehensively industry, commerce, transportation, construction, and the service trade so as to raise the level of intensive management. In making arrangements for development projects, we should give priority to those which have been provided with good basic conditions,

whose irrigation facilities have basically been completed, which need little investment and can yield quicker and greater results, and for which the enthusiasm of cadres and people is high. We should make certain that once 1 mu of land is reclaimed, it becomes high-yielding land, and that once 1 mu of land is transformed, it produces high and stable yields.

Vice Governor Dai Moan also attended and addressed the forum.

Heilongjiang's Sun Attends S & T Conference
SK1906034188 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 17 Jun 88

[Text] The 4-day provincial work conference to work out strategic principles for developing the province through science and technology concluded successfully in Harbin on 17 June.

Governor Hou Jie presided over the 17 June session. Attending were Ruan Chongwu, vice minister in charge of the State Science and Technology Commission, and provincial leading comrades Sun Weiben, Wang Luming, He Shoulun, Shao Qihui, Zhang Li, (Ma Guoliang), and Xie Yong. They presented commendatory certificates and badges to units and individuals who had won 11 national-level scientific and technological progress awards.

Ruan Chongwu delivered a speech. He said: Recently Heilongjiang put forward the strategy of developing the province through science and technology and formulated and issued some feasible policy measures. Science and technology will play an important role in the comprehensive development of Heilongjiang.

Sun Weiben, secretary of the provincial party committee, delivered an important speech. He said: In the current economic development of our province, there are two acute problems which give us much food for thought. First, the poor economic results in our province's economic development have not been fundamentally changed. Second, scientific and technological progress is still a small portion of our province's economic growth. Therefore, to accelerate our province's economic development, we should turn the two wheels of scientific and technological progress and scientific management.

Speaking of the major tasks for our province's scientific and technological work, Sun Weiben stressed: At present there are five major tasks for us to fulfill. First, focusing on the technical transformation of large and medium-sized state enterprises, we should successfully master, apply, and further develop imported technology. Second, focusing on rational use and precision and intensive processing of resources, we should develop whole sets of products and provide whole sets of technology and services. Third, focusing on the development of township enterprises and local small collective enterprises, we should organize well the implementation of the spark

plan and manufacture and provide readily marketable new products and applicable technology. Fourth, focusing on the comprehensive development of Sanjiang plain and the transformation of the low- and medium-yielding farmland in the Songnen Plain, we should organize scientific and technological appraisal and large-scale joint research on high-yielding technology and raise the commodity rate of agriculture by a large margin. Fifth, focusing on the readjustment of the production setup and the expansion of opening to the outside world, we should step up training of urgently needed specialized personnel.

Heilongjiang KMT Committee Holds Congress
SK1906032788 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 17 Jun 88

[Text] The sixth congress of the Heilongjiang provincial committee of the Revolutionary Committee of the Chinese Kuomintang [KMT] opened in Harbin on 17 June. Ninety-nine delegates from various localities in the province gathered at Heping Hall to represent the members of the Chinese KMT Revolutionary Committee throughout the province.

In his congratulatory message, Wang Haiyan, deputy secretary of the provincial party committee, spoke highly of the work in various fields carried out by the provincial committee of the Chinese KMT Revolutionary Committee. On behalf of the Central Committee of the Chinese KMT Revolutionary Committee, (Ying Guangcun), Standing Committee member of the Central Committee of the Chinese KMT Revolutionary Committee, delivered a congratulatory speech at the congress.

All the delegates heard the work report "Deepen Reform, Strengthen Self-improvement, and Strive To Reunify the Motherland and Revitalize China" delivered by Chen Xingjian, vice chairman of the provincial committee of the Chinese KMT Revolutionary Committee.

The congress will hold discussions on the report; elect the sixth provincial committee of the Chinese KMT Revolutionary Committee; elect the honorary chairman, honorary vice chairmen, and advisers of the provincial committee of the Chinese KMT Revolutionary Committee; elect delegates to attend the seventh national congress of the Chinese KMT Revolutionary Committee; and approve a resolution on the sixth congress of the provincial committee of the Chinese KMT Revolutionary Committee.

Heilongjiang Officials Sentenced in Fire Case
OW1706224088 Beijing XINHUA in English 1458 GMT 17 Jun 88

[Text] Jagdaqi, June 17 (XINHUA) — The Daxinganling Prefecture Intermediate People's Court today sentenced to varying terms seven officials for dereliction of duty in last year's fire in Heilongjiang Province and four workers for causing the fire.

The fire, the worst in China in 40 years, broke out [date indistinct] and lasted until June 2, 1987. It burned one million hectares of land, 70 percent of which was tree-covered, killed 193 people, injured 226 others and destroyed 614,000 square meters of housing.

Zhuang Xueyi, former director of the Tuqiang Forestry Bureau, was sentenced to three years' imprisonment for failure to evacuate Yuying Forest farm workers and their families and to fight the blaze.

When the fire engulfed the farm May 7, 1987, no leading officials were at the scene. As a result of the confusion, 43 people were killed and 19 others were injured.

Li Yongqing, former deputy secretary of the Mohe County Communist Party Committee, was sentenced to three years' imprisonment for failure to carry out instructions from higher authorities to clear the site of the burned area after the fire was put out May 7, 1987.

Later, the fire revived under a strong wind, burning forests managed by three forestry bureaus, three forest farms and five storage yards, and causing [number indistinct] deaths and 136 injuries.

Qin Baoshan, former deputy chief of the fire-fighting section of the Public Security Bureau of Mohe County, was sentenced to four years' imprisonment.

On May 7, 1987, Qin ordered three fire engines to protect his own house when a fire threatened an oil depot and a grain warehouse nearby.

Bao Guorong, former secretary of the Yili Forestry Farm party branch and a senior executive of the farm, was sentenced to three years in prison.

When fire threatened the farm, Bao fled in a car with his wife and son, leaving 1,000 people at the mercy of the blaze, which burned three to death.

Zhen Fanjin, former deputy director of the Yuying Forestry Farm and former deputy head of the farm's fire-prevention headquarters, was sentenced to three years' imprisonment.

Zhen fled by motorcycle from an approaching fire, which killed and injured 60 people.

Li Yi, a former official of the Gulian Forestry Farm, was sentenced to a term of five years. He hired without authorization Wang Yufeng, a farmer from elsewhere, who caused a fire through negligence.

Zhang Xueyou, a former official of the Yixi Forestry Farm, was sentenced to two years' imprisonment. He let Guo Yongwu, who was unqualified, to operate a machine without supervision, and this resulted in a fire.

In addition, Wang Yufeng, Wang Baojing, Li Xiuxin and Guo Yongwu were sentenced to terms ranging from three to seven years for causing fires.

Only Wang Yifeng and Wang Baojing have refused to lodge appeals to the Heilongjiang Provincial Higher People's Court.

Northwest Region

Qinghai's Yin Kesheng Stresses Party Leadership
HK1806005788 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 17 Jun 88

[Text] On 16 June, the provincial party committee's Political Structural Reform Office convened a coordination meeting on political structural reform. Yin Kesheng, secretary of the provincial party committee, delivered an important speech. In light of the current progress being made in work, he gave the following views:

1. Enhance understanding and take positive action. At present, economic structural reform has entered a crucial stage, and a number of very difficult problems that cannot be sidestepped are confronting us. To deepen economic structural reform, political structural reform must keep pace. This requires that we strengthen our reform consciousness and do our work actively in line with the unified arrangements made by the provincial party committee.

2. Have a clear picture of the guiding idea and strengthen the sense of organization and discipline. The separation of party and government functions must help to strengthen and improve party leadership, and must not weaken it or cause relaxation of ideological and political work. Following the separation of party and government functions, the provincial party committee will remain the policymaking center for the entire province and must continue to strengthen leadership over economic work.

At present, we must stress the sense of organization and discipline and taking the overall situation into consideration. We must oppose bureaucratism and resolutely put a stop to anarchism. All areas and departments must execute resolutely the policy decisions of the provincial party committee and government.

3. Reforms must accord with Qinghai's realities and embody the province's characteristics. Qinghai is a multinationality province, and there are big differences between different areas. In carrying out reforms, we cannot rush into mass action or impose a uniform pattern irrespective of local conditions. The reforms must be deepened and speeded up, but, still more, they must accord with Qinghai's realities. Pastoral counties cannot be treated in the same way as agricultural counties as regards the structure of the organs and their staffing. There should also be differences between us and the interior.

Comrade Yin Kesheng stressed in conclusion: Every reform measure we take must be based on Qinghai's realities, so as to embody our own characteristics.

(Hou Shaoqing), member of the Standing Committee of the provincial party committee, outlined arrangements for political structural reform in the province this year. He said: There are five main tasks this year: 1) to carry out investigation and study and do a good job in drawing up designs for reform schemes; 2) to get a good grasp of pilot projects for exploring the path in reforms; 3) to carry out the separation of party and government functions at provincial level and readjust the organizational form and work setup of the provincial party committee; 4) to get a good grasp of reforming the leadership structure in the enterprises and smooth out relations between the party, government, trade unions, and the CYL; 5) to step up the building of democracy and the legal system and put the consultation and dialogue system on a sound basis.

Qinghai's Tu Ethnic Group Profiled
OW1906030988 Beijing XINHUA in English
0039 GMT 19 Jun 88

[Text] Xining, June 19 (XINHUA) — The Tu people, a minority ethnic group of 100,000 people among China's 55 nationalities, are thriving in northwest China's Qinghai Province.

Mostly dwelling in the Tu Autonomous County of Huzhu, in the east of the province, the group finds itself in an area inhabited by other more populous nationalities like the Tibetan, Mongolian and Han.

Historians differ on the origin of the Tu people. Some say that they are the descendants of a tribe from the the Xianbei people who came to the area from northeast China in the fourth century A.D. Others say that they are descended from the Mongolian, Tibetan, Tartar and other tribes in the locality.

A male adult wears a felt hat, a jacket covered by a sleeveless jacket, an embroidered girdle and a pair of baggy pants with puttees. A young girl wears two short and one long pigtails tied with a red ribbon to indicate that she is unmarried.

The Tu people, who are Lamaists, keep statues of the Panchen Lama in their homes and shrines, side by side with pictures of the late Chairman Mao Zedong and the late Premier Zhou Enlai.

"There are 16 large monasteries and quite a few medium-sized temples in the county, where Lamaist ceremonies are seen frequently," the county chief said, adding that the old customs required any household which had more than one son to send one of them to become a monk.

The Tu people observe many taboos. They don't eat meat from horse, donkeys or mules, and, unlike most of the country's farmers who prefer to bury their dead, they cremate the deceased in a unique ceremony.

"It is knowledge, not religion, that helps production," the leader said. "The average income per capita in the county increased from 90 yuan a decade ago to the 346 yuan last year, and the grain output per person was 500 kg, making the county one of the major grain producers in the province," he said in the Tu language.

The language of the Tu people is similar to Mongolian. There has only been a written language since 1982.

"We have already published a lot of reading materials and even a quarterly magazine in the Tu language and a Tu-Han dictionary is almost off the press," the county leader said.

The local broadcasting station has begun to offer programs in the Tu language and 16 films have been dubbed into Tu.

Set up in 1954, the autonomous county has turned out many leaders both for the local and central governments. "Of the ten leaders of the county, nine are of the Tu nationality," he said.

Shaanxi To Improve Government Style
HK1806063188 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 17 Jun 88

[Excerpts] The new provincial government has made three decisions pledging to improve government work style, institute management over responsibility targets, and seriously clear up problems that should have been dealt with but have not and that have dragged on for a long time.

Vice Governor Xu Shanlin spoke at a meeting of department and bureau chiefs on 17 June, which was also attended by the media. He said that the aim of promulgating these three decisions is to allow the people of the province and the media to publicly supervise us. Through implementing these three decisions, the work of the government should take on a new style, and we should better shoulder the arduous tasks of reform and construction assigned us by the party and the people. [passage omitted]

At the meeting, Vice Governor Sun Daren read out the decision of the provincial government on carrying forward the Yanan spirit and improving government work style. Vice Governor Wang Shuangxi read out a circular on management over responsibility for main economic targets to be reached in the next 5 years, and a circular on clearing up problems that should have been handled but have not been and that have dragged on for a long time.

Xu Shanlin said at the meeting that the aim of the decision on improving government style is to promote uprightness and incorruptibility and establish an excellent image of government. At present, we must summon up resolve to clear away rotten work styles among organ cadres such as abusing powers, using public office for private gain, and indulging in bribery and corruption, together with wasteful and extravagant practices such as banquets and drinking parties and travel at public expense.

The aim of exercising management over responsibility targets in the provincial government organs is to correct defects that have long existed in government work, such as unclear targets and responsibilities, eliminate the diseases of buck-passing and procrastination, and sweep away the mandarin style of work.

The aim of clearing up problems that should have been dealt with but have not been and that have dragged on for a long time is to transform the provincial government's work style and improve work efficiency, starting by taking practical action right now.

In short, these three important decisions announced by the provincial government are based on the fundamental program of serving the people and are focused on making new efforts in promoting uprightness and incorruptibility, opposing bureaucratism, and improving work efficiency. [passage omitted]

Xu Shanlin said: Beginning right now, the general office of the provincial government and the provincial departments, bureaus, commissions, and offices must put forward views on handling problems that have dragged on for a long time, and get them solved within 2 months.

The decision on carrying forward the Yanan spirit and improving government work style says that every staff member of the provincial government must work hard to build a clean and incorruptible government and to invigorate Shaanxi:

1. The government staff must start with themselves [words indistinct] and resolutely boycott rotten work styles such as abusing powers, using public office for private gain, indulging in bribery and corruption, and feathering their own nests. They may not engage in commerce and run enterprises. Except when special approval has been obtained, they may not hold concurrent posts in enterprises. [passage omitted]

2. They must go down to the grass roots and do more practical deeds. They should reduce to the minimum activities such as greeting and sending off visitors, cutting the ribbon to open events, and so on, and spend more time in investigation and study at the grass roots. They must care for the masses' weal and woe and listen

to their cries, and help to solve practical problems. They should spend no less than 3 months a year in the grass roots, and pay attention to making extensive contacts with the masses.

3. Work hard and practice plain living, thrift, and diligence. [passage omitted]

4. They should listen to things they like to hear and also things they do not, and report bad news as well as good. [passage omitted]

5. It is essential to follow strictly the proper procedure in promoting, transferring, rewarding, or punishing cadres, and reach decisions after collective discussion. We must boldly employ talented people with ability and political integrity who also have the spirit of reform, pioneering, and doing solid work.

6. Strengthen unity and avoid internal wrangling. We must not indulge cadres who cause internal wrangles, pay no heed to unity, and fail to mend their ways despite repeated admonition, but resolutely take organizational measures to deal with them.

7. Establish the post responsibility system and the system of targets to be met during a term of office. People must be bold to take responsibility for things that lie within their jurisdiction, and avoid procrastination and buck-passing. They must be bold to grasp and do something about malpractices, without indulging or evading them. They should be bold in delegating powers to the lower levels without interfering in or monopolizing things there. The situation of mountains of documents and endless meetings should be overcome, and efforts must be made to improve work efficiency.

8. Make government work more transparent. Major policy decisions and hot social and economic issues of concern to the masses should be promptly announced through press briefings and consultation and dialogue.

Xinjiang Researchers Study Opening Up to World
HK1906053788 Urumqi Xinjiang Regional Service
in Mandarin 0000 GMT 19 Jun 88

[Text] According to XINJIANG RIBAO, in line with social needs, the researchers of the Xinjiang Academy of Social Science have promoted lateral ties and formed a group to study Xinjiang's strategy for opening up to the world, thus giving full scope to the social functions of social science in comprehension, demonstration and proof, forecasting, and readjustment and control. They have provided a scientific basis for policymaking in the regional party and government leading departments.

In November 1986, some researchers of the Central Asia Center of the academy proposed of their own accord that research of Xinjiang's strategy for opening up to the world should be launched, to provide services for this

endeavor. Their proposal immediately gained the attention and support of the regional party and government leaders. With the support of the regional and academy party committees, in May 1987 the group for researching Xinjiang's strategy for opening up to the world was set up; it was composed of academy researchers and practical workers from the regional economic departments. In the past year and more, the comrades of this group have worked hard together and scored initial results.

In 1987, the group completed a study on the first stage of Xinjiang's economic and trade strategy toward the Soviet Union. Apart from giving the regional party committee and government a comprehensive report on Xinjiang's near-term economic and trade strategy toward the Soviet Union, the group also wrote a book entitled "Studies on Xinjiang's Economic and Trade Issues Regarding the Soviet Union," which was published by the Xinjiang University Press.

Many of the fruits of the group's research have been taken up by the regional party committee and government. For instance, practice has proven that their suggestion on speeding up construction of the north Xinjiang railroad and their views on stepping up trade and economic cooperation with the Soviet Union are worth exploring. The fruits of the group's research over the past year have played an assistant and advisory role for the regional party committee and government in formulating principles and policies for opening up to the world.

Family Planning Urged for Xinjiang Ethnic Groups
OW1706214388 Beijing XINHUA in English
1401 GMT 17 Jun 88

[Text] Urumqi, June 17 (XINHUA) — A top Xinjiang official has urged ethnic groups in the autonomous region to practice family planning for their own benefit.

The adoption of the practice marks social progress, said Tomur Dawamat, chairman of the Xinjiang Uygur Autonomous Region, in a recent public speech.

The regional government has recently issued provisional regulations on family planning among Xinjiang ethnic groups.

According to the regulations, urban residents are allowed to have two children and, in special cases, a third is permitted. In rural areas three children is the norm, but sometimes even four are permitted.

Among the Han people, China's majority nationality, usually only one is allowed per couple.

The unplanned population growth among Xinjiang's ethnic minorities, who make up 61.38 percent of the population, has not only laid a heavy financial burden on each family but has also brought about social difficulties in education, medical treatment, transportation, goods supply and employment, he said.

Over the last ten years, Xinjiang's grain output has nearly doubled. But, owing to a big population boom, the per capita annual grain ration is only a little above 400 kg.

"Without family planning, the mastery of modern science and technology, and raising labor productivity which we are now striving for will become empty talk," he said.

Family planning is being practiced in many Islamic countries including Egypt, Turkey and Pakistan, he said, adding, "in this respect, Xinjiang should not lag behind."

Tomur Dawamat called on religious leaders to render their support. "At least, they should not place obstacles in the way of the work," he said.

Mainland's Refusal To Disavow Force Called 'Dumb'
*OW2006084188 Taipei International Service
in English 0200 GMT 20 Jun 88*

[Station Commentary: "Peking Rattles the Sabers Again"]

[Text] Normally, the Chinese Communist regime in Peking is dastardly and cunning at propaganda. Even we have to admit that. But the one major dumb spot in their propaganda is their insistence on publicizing the fact that they refuse to disavow the use of force against Taiwan to settle the matter of Chinese unification. We say this exercise is dumb because the refusal to disavow force makes Peking look awfully belligerent. The latest loophole in Communist propaganda comes in the form of an article in the Chinese Communist English-language newspaper, the "CHINA DAILY." The daily quotes an article in the Chinese-language magazine "OUTLOOK."

The article says Peking cannot rule out the use of force against Taiwan because it wants to reserve the right to defend Chinese territory from secessionists. Specifically, the article said, "If some people go so far as to put the independence idea into action and, backed by foreign forces, threaten the sovereignty and territorial integrity of China, how can we let such a plot succeed?" That's fair enough. Even the Government of the Republic of China on Taiwan shares that concern. That Taiwan should remain a part of historic China is the one thing Taipei and Peking agree on. From there, it is all downhill.

The daily article also listed the fear of foreign interference on Taiwan and the fact that Chinese could not wait forever to see unification as two more reasons why Peking insists on its right to use force against Taiwan.

It said, "If those in power on Taiwan ignore the interests of the nation, and endlessly delay the process of 'reunification, how can we sit idle?"

That line of reasoning is interesting, considering the source. Here we have the Chinese Communists talking about the "interests of the nation." What do they know about this subject? It is they who have entrapped Mainland China in the grip of backwardness and despair. It is Communism which strangles the hopes and dreams of 1 billion Chinese. And yet, the Communists dare speak of national interests and the aspirations of the people?

And who says Taiwan is delaying that process of unification? Sure, we say "no" to their offers, because we refuse to be absorbed by such a bankrupt, evil regime. We don't hold out on unification for the heck of it; rather, we are going to hold out until Communism is gone from Mainland China. There is a distinct difference.

The real reason Peking wants to bag Taiwan is to eliminate Taiwan as a major source of a loss of face for the Communists. Peking cannot live with Taiwan's development success, plain and simple.

Peking makes threatening noises and rattles sabers as a means of scaring Taiwan into submission. Meanwhile, Taiwan offers its free and democratic system as the vehicle for Chinese unification. We trust our listeners will be able to judge for themselves which of the two methods deserves international support.

Mainland Boats Conduct 'Exercise' Off Fujian
*OW1706162188 Taipei CNA in English 1523 GMT
17 Jun 88*

[Text] Taipei, June 17 (CNA) — More than 500 mainland Chinese motorized junks have recently conducted amphibious landing exercises off the coast of Fukien Province, a spokesman for the Ministry of National Defense said Friday.

The motor junks were spotted by surveillance units of the Republic of China [ROC] Armed Forces while conducting the exercises off a peninsula in the southeast China province opposite to Taiwan, the spokesman said. "The ROC Armed Forces have since been watching their movements closely," he added.

The ROC military was particularly concerned about the Chinese communist exercises because the terrain of the peninsula's coast is basically the same as that of the northeastern Taiwan coast, the spokesman noted.

Executive Yuan Rejects Trade With USSR
*OW1706125488 Taipei CNA in English 1004 GMT
17 Jun 88*

[Text] Taipei, June 17 (CNA) — The Executive Yuan said Thursday that the government will not consider allowing direct trade with the Soviet Union for the time being because Moscow, which aided the communist takeover of the Chinese mainland, has not had friendly ties with the ROC [Republic of China] for decades.

The Cabinet said in a written reply to an interpellation by Legislator Chang Ping-chao that opening direct trade with Moscow would violate basic government policy. Chang, elected from commercial groups, urged the Cabinet to allow businessmen to send trade missions to the Communist giant and to conduct direct trade with Moscow.

Despite Soviet leader Mikhail Gorbachev's liberalization policy, the Cabinet said, the Soviet Union still maintains a closed socialist economy. Therefore, it said, the government will not allow local businessmen to visit there either individually or in groups.

However, if local businessmen want to participate in trade fairs in the Soviet Union organized by international organizations of which they are members, the Cabinet said, they can apply to the government for special permission.

According to newspaper reports, the Cabinet said, the Soviet Embassy in Singapore said on April 14 that Moscow still forbids direct trade with Taiwan. This shows that the Soviet Union remains hostile to the ROC, it said.

Vice Minister Optimistic About U.S. Relations
*OW1906055788 Taipei, CNA in English 0251 GMT
18 Jun 88*

[Text] Taipei, June 18 (CNA) — The substantive relations between the Republic of China [ROC] and the United States have grown steadily since the severance of their diplomatic ties nine years ago, Vice Foreign Minister John H. Chang said Friday.

Chang said he is quite optimistic about future relations between the two countries. He made the statement while addressing a meeting of the National Assembly's Constitutional Research Commission.

There were nine ROC offices under the name of the Coordination Council for North American Affairs (CCNAA) in the U.S. nine years ago, but the number of CCNAA offices has now reached 11 and will continue to increase, he said.

Chang pointed out that more and more members of the U.S. Congress have come to visit the ROC. So far, 59 of the 100 U.S. senators and 251 out of the 435 congressmen have visited Taiwan, he said.

Chang said during the past nine years, U.S. investments in the ROC have increased from U.S. dollars 80 million to U.S. dollars 420 million in value and ROC investments in the U.S. have also grown from U.S. dollars 600,000 to U.S. dollars 70 million.

Citing as signs of the strengthening relations, he said the number of American tourists to the ROC has increased from 140,000 to 220,000 and the number of ROC tourists to the U.S. from 70,000 to 170,000.

He brushed aside a proposal for taking the so-called "dual-recognition" as a solution to the China issue, saying that it is absolutely impossible because the Chinese Communists have never abandoned their attempts to isolate the ROC in the international community.

Editorial Welcomes U.S. Arms Sales
*OW1806171388 Taipei CHINA POST
in English 15 Jun 88 p 4*

[Editorial: "Arms Sales to ROC"]

[Text] U.S. Assistant Secretary of State Gaston Sigur's recent statement on the U.S. arms sales to the Republic of China [ROC] was welcome though far from satisfactory.

The assistant secretary of state for East Asian affairs made the statement on June 8 in Washington, D.C., to the effect that the United States seeks greater military links with Communist China but at the same time plans to continue supplying weapons to the ROC on Taiwan. He expressed satisfaction that Peking and the United States have developed "modest military relations" since they normalized relations in January 1979, adding that

"we want to see this build and increase as the years go by." But he said the United States would continue to supply weapons to Taipei, in accordance with an agreement Washington signed with Peking in 1982.

Asked when Washington might stop sending arms to Taipei, Sigur said that no time limit was set in the 1982 pact, which the United States would continue to respect "in the years to come."

Sigur's press conference remarks were both right and wrong. He was right in reaffirming the U.S. policy of sending weapons to the ROC. But he was wrong in saying that the United States would send such weapons on the basis of the 1982 Joint Communiqué, which restricts the application of the Taiwan Relations Act (TRA) of April 10, 1979, and therefore is in violation of the TRA.

Section 3 (A) of that act stipulates that "the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." Section 3 (B) gives the U.S. President and the Congress the right "to determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan in accordance with procedures established by law. Such determination of Taiwan's defense needs shall include review by U.S. military authorities in connection with recommendations to the President and the Congress."

Neither a time limit nor an annual reduction of the amount of weapons sales was set by the 1982 Joint Communiqué. Both the U.S. President and the Congress are authorized to determine the extent of Taiwan's defense needs but certainly not by the President alone.

It may be noted that the 1982 Joint Communiqué was a Chinese Communist gimmick to get around the TRA and to modify its contents. The communiqué is in violation of the TRA and should have been declared invalid by the judicial authority of the United States long before this. Sigur should not have invoked it as a basis of governing the arms sales relations between the United States and the ROC as the latter had declared the Joint Communiqué null and void after it was announced.

The United States should have been aware of the Chinese Communist plot in urging it to sign the Joint Communiqué. It should not be bound by it and it is in violation of the TRA, which is after all the law of the land.

Prime Minister Meets Overseas Chinese Scholars
*OW1906055588 Taipei CNA in English 0258 GMT
18 Jun 88*

[Text] Taipei, June 18 (CNA) — Premier Yu Kuo-hwa received Friday eight overseas Chinese scholars and discussed with them measures to disseminate the three principles of the people.

The eight scholars have been visiting in Taipei to attend the seminar on Dr. Sun Yat-sen's thought and its relevance to the world June 13-16.

During the meeting, the visiting scholars spoke highly of national development and presented their opinions on ways to advance local academic research.

Five of the eight scholars, headed by Cheng Chu-yuan, professor of Ball State University of the United States, also called on Raymond Tai, director of the Kuomintang Department of Cultural Affairs, in the afternoon.

Tai told them that not only has the government adjusted itself to the transition following the lifting of the emergency decree, but is now facing the increasing challenges of a more open society with a "responsible" and "far-sighted" attitude.

Economic Talks With ROK Begin in Seoul
*OW2006042588 Taipei CNA in English 0240 GMT
20 Jun 88*

[Text] Taipei, June 20 (CNA) — The 21st Republic of China [ROC]-Republic of Korea [ROK] Economic Cooperation Conference opened in Seoul Sunday [19 June].

The meeting is being held in two stages: staff officials level on June 19-22 and ministerial level on June 23; with three panel discussions on economic cooperation, trade cooperation, and technological cooperation.

Topics on economic cooperation include: mutual participation in major construction projects, financial and foreign exchange policy cooperation, foreign investments, shipping services, the strengthening of economic cooperation with newly industrialized nations, and the exchange of visits of agricultural and fishery specialists.

On trade cooperation, the topics include: reviewing trade between the two nations, countermeasures against international protectionism, common efforts to reduce trade deficits with other trade partners, the implementation of temporary customs clearance system, the exchange of data on classification systems, the relaxation of import controls, the lowering of import tariffs, and the strengthening of cooperation and coordination between the two countries on the international markets.

Main topics on technological cooperation include: holding seminars, promoting cooperation between the research institutions of the two nations, and continued exchange of visits of specialists.

ROC Economics Minister Li Ta-hai is leading the ROC delegation to the annual conference. He will also call on South Korean President No Tae-u and other ranking ROK government officials during his stay in Seoul.

Interior Ministry Revises Farmers' Insurance Fee
*OW1706143288 Taipei International Service
in English 0200 GMT 17 Jun 88*

[Text] The Interior Ministry Wednesday decided to set farmers' insurance fees according to the average farmer's income. An official said that originally the ministry's draft for the farmers' insurance program called for setting the insurance fee according to the average salary of a laborer. However, the proposal was found to be unfair to farmers. In order to truly protect farmers' interests, the official said, the Interior Ministry decided to revise the draft regulations.

The official noted that discussions will continue on the draft among government officials, legislators, social insurance experts, farmers association staffers, and farmers' representatives.

KMT National Congress Platform Drafted
*OW2006051288 Taipei CNA in English 0252 GMT
20 Jun 88*

[Text] Taipei, June 20 (CNA) — The drafting platform for the 13th KMT [Kuomintang] National Congress, containing 12 chapters and 85 articles, is complete and ready for the approval of the ruling party's Central Standing Committee, the party's policy-making organ, it was learned Sunday.

Ma Ying-jeou, deputy secretary general of the KMT Central Committee and concurrently one of the conveners of the ad hoc platform drafting committee, will brief a press conference on the spirit, contents and significance of the draft platform.

The platform is said to cover politics, foreign and overseas Chinese affairs, national defense, social welfare, labor development, environmental protection, agricultural development, and women's issues.

The articles of the platform will also supply guidelines for the KMT's future China mainland policies, which will utilize Taiwan's experience to achieve China's reunification as a free, prosperous nation.

The platform will also promote democratic politics and strengthen observance of the Constitution of the Republic of China.

Attention will also be given to environmental conservation, harmonious relations between labor and management, the improvement of farmers' living conditions, and the security of the bastion of national revival and recovery.

END OF

FICHE

DATE FILMED

21 June 1988

